



DREAM OFFICE REAL ESTATE INVESTMENT TRUST

Annual Information Form

March 27, 2018

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GLOSSARY OF TERMS

When used in this annual information form, the following terms have the meanings set forth below unless expressly indicated otherwise:

“2003 Reorganization” means the reorganization of the business of DAM on June 30, 2003 pursuant to which substantially all of the commercial real estate division of DAM was transferred to Dream Office REIT.

“2015 Reorganization” has the meaning given to it in “General Development of the Business – 2015 Reorganization”.

“2017 Issuer Bid” has the meaning given to it in “General Development of the Business – Substantial Issuer Bids”.

“2017 MD&A” means the management’s discussion and analysis of Dream Office REIT in respect of our 2017 financial year filed on SEDAR on February 22, 2018.

“2017 NCIB” has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

“2018 Issuer Bid” has the meaning given to it in “General Development of the Business – Substantial Issuer Bids”.

“2018 NCIB” has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of: (i) the amount of unitholders’ equity; and (ii) the amount of accumulated depreciation and amortization recorded on the books and records of Dream Office REIT and its Subsidiaries in respect of their properties, in each case calculated in accordance with GAAP.

“Affiliate” means an affiliate within the meaning of National Instrument 45-106 - *Prospectus Exemptions*.

“AIF” means this annual information form of Dream Office REIT.

“Asset Business Plans” has the meaning given under “Real Estate Management and Advisory Services – Management Services Agreement”.

“Asset Management Agreement” means the amended and restated asset management agreement dated December 31, 2007 between Dream Office REIT, Partnership A, Partnership B, Dream Office LP and DAM, as amended by the amending agreement dated April 2, 2015 between Dream Office REIT, Partnership A, Partnership B, Dream Office LP, Dundee Real Estate Asset Management Limited Partnership and DAM.

“Balance Sheet Date” has the meaning given under Description of Debentures – Certain Covenants in the Series Supplemental Indentures”.

“Board” or **“Board of trustees”** means the board of trustees of Dream Office REIT.

“Business Day” means any day other than a Saturday or a Sunday on which Schedule I Canadian chartered banks are open for business in Toronto, Ontario.

“DAM” means Dream Asset Management Corporation, a corporation governed by the laws of the Province of British Columbia and a Subsidiary of Dream.

“DAM Administrative Services Agreement” means the administrative services agreement dated April 2, 2015 between DAM and Dream Office Management.

“DAM Master Asset Transfer Agreement” means the agreement dated June 30, 2003 between DAM and Dream Office LP pursuant to which all of the Properties held directly or indirectly by DAM were transferred to Dream Office LP.

“DBRS” means DBRS Limited and any entity providing ratings under such business name or its successor.

“Debentures” means, collectively, the Series A Debentures and the Series C Debentures.

“Declaration of Trust” means the amended and restated declaration of trust of Dream Office REIT dated May 8, 2014, as it may be further amended or amended and restated from time to time.

“Deferred Unit Incentive Plan” means the deferred unit incentive plan of Dream Office REIT.

“Disposition Program” has the meaning given to it in “General Development of the Business – Strategic Plan – *Substantial Completion of Disposition Program and Outlook*”.

“Distributable Income” means, for any period, the net income of Dream Office REIT and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements prepared as if Dream Office REIT’s only assets are units and notes of Partnership A and all amounts on deposit in the bank account maintained for the REIT A Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dream Office REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion.

“Distributable Series B Income” means, for any period, the net income of Dream Office REIT and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements prepared as if Dream Office REIT’s only assets are units and notes of Partnership B and all amounts on deposit in the bank account maintained for the REIT B Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dream Office REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion.

“Distribution Date” means with respect to a distribution of Distributable Income or Distributable Series B Income by us, a Business Day determined by our trustees for any calendar month to be on or about the 15th day of the following month or such other date as may be determined from time to time by our trustees or otherwise in accordance with our Declaration of Trust with respect to all distributions.

“Distribution Record Date” means, until otherwise determined by our trustees, the last Business Day of each month of each year, except for the month of December where the Distribution Record Date shall be December 31.

“Dream” means Dream Unlimited Corp., a corporation governed by the laws of the Province of Ontario.

“Dream Global REIT” means Dream Global Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

“Dream Industrial REIT” means Dream Industrial Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

“Dream Non-Competition Agreement” means the amended and restated agreement dated April 2, 2015 between Dream, DAM, Dream Office LP and Dream Office REIT pursuant to which DAM and Dream

agreed to certain non-competition arrangements with Dream Office REIT and Dream Office LP, as amended or amended and restated from time to time.

“Dream Office General Partner” means Dream Office (GP) Inc. a corporation incorporated under the laws of the Province of Ontario that is wholly-owned by Dream Office REIT and is the general partner of Dream Office LP.

“Dream Office LP” means Dream Office LP, a limited partnership formed under the laws of the Province of Ontario of which Dream Office General Partner is the general partner and Partnership A, Partnership B and certain other persons are the sole limited partners.

“Dream Office LP Limited Partnership Agreement” means the amended and restated limited partnership agreement of Dream Office LP dated December 31, 2007, as it may be further amended or amended and restated from time to time.

“Dream Office Management” means Dream Office Management Corp., a wholly-owned Subsidiary of Dream Office Management LP existing under the laws of the Province of Ontario.

“Dream Office Management LP” means Dream Office Management LP, a limited partnership formed under the laws of the Province of Ontario of which Dream Office Management (GP) Inc. (a corporation owned by Dream Office LP) is the sole general partner and Dream Office LP is the sole limited partner.

“Dream Office Management LP Limited Partnership Agreement” means the amended and restated limited partnership agreement of Dream Office Management LP dated July 2, 2014.

“Dream Office REIT” or **“the Trust”** or **“we”** or **“our”** means Dream Office Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

“Dream Office REIT Administrative Services Agreement” means the amended and restated administrative services agreement dated December 31, 2007 between Dream Office REIT, Dream Office LP, Partnership A, Partnership B and Dream Office Management LP.

“DRIP” means our distribution reinvestment and unit purchase plan pursuant to which holders of REIT A Units and REIT B Units were entitled to elect to have cash distributions in respect of such units automatically reinvested in additional REIT A Units and to make optional cash purchases of additional REIT A Units, which was suspended in February 2016.

“DTV LP” means Dream Technology Ventures LP, a limited partnership formed under the laws of the Province of Ontario of which a wholly-owned Subsidiary of DAM is the sole general partner and DAM, Dream Office LP, Dream Global REIT, Dream Industrial LP and Dream Alternatives Master LP are the limited partners.

“Dundee Consolidated Properties Master Asset Transfer Agreement” means the agreement dated June 30, 2003 between Dundee Consolidated Properties (a limited partnership wholly-owned by DAM) and Dream Office LP setting out the terms and conditions pursuant to which Dundee Consolidated Properties transferred or caused to be transferred to Dream Office LP all of the Properties held directly or indirectly by Dundee Consolidated Properties.

“Exchange and Support Agreement” means the amended and restated exchange and support agreement dated December 31, 2007 between Dream Office REIT, Partnership A, Partnership B, Dream Office LP and holders of exchangeable units of Dream Office LP, as amended by amendment no. 1 dated April 2, 2015, as it may be further amended or amended and restated from time to time.

“Exchange Exercise Agreement” means the exchange exercise agreement dated April 2, 2015 between Dream Officer REIT, Dundee Corporation and Dream Asset Management Corporation.

“GAAP” or **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Professional Accountants of Canada in Part I of The Canadian Professional Accountants of Canada Handbook – Accounting, as amended from time to time.

“GLA” means gross leasable area.

“Governance Agreement” means the amended and restated governance agreement dated April 2, 2015 between Dream Office REIT, Dream Office General Partner and Dundee Corporation, as it may be further amended or amended and restated from time to time.

“GP A Co.” means Dream Office OTA (GP) Inc., a corporation governed by the laws of Ontario that is a wholly owned Subsidiary of Dream Office REIT.

“GP B Co.” means Dream Office OTB (GP) Inc., a corporation governed by the laws of Ontario that is a wholly owned Subsidiary of Dream Office REIT.

“Indentures” means, collectively, the trust indentures and supplemental indentures governing the Debentures, as amended, supplemented or restated from time to time.

“Independent Trustee” means an independent trustee for the purposes of the Declaration of Trust.

“Individual Non-Competition Agreements” means the agreements between Dream Office REIT, Dream Office LP and each of our trustees and officers pursuant to which such trustees and officers have agreed to certain non-competition arrangements with Dream Office REIT and Dream Office LP.

“interest coverage ratio” means our net rental income plus interest and fee income, less general and administrative expenses, all divided by interest expense on total debt. The components used in the determination of interest coverage ratio include our share from investment in joint ventures. Management believes our interest coverage ratio is an important measure in determining our ability to cover interest expense based on our operating performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other real estate investment trusts. See our 2017 MD&A for a calculation of our interest coverage ratio for the years ended December 31, 2017 and December 31, 2016.

“Licensed Technology” has the meaning given to it in “Real Estate Management and Advisory Services – License Agreement with Dream Technology Ventures LP”.

“LP B Units” or **“LP Class B Units, Series 1”** means the LP Class B, Series 1 limited partnership units of Dream Office LP.

“LP Class A Units” means the LP Class A limited partnership units of Dream Office LP.

“LP Class B Units” means, collectively, the LP B Units and the LP Class B Units, Series 2.

“LP Class B Units, Series 2” means the LP Class B, Series 2 limited partnership units of Dream Office LP.

“Management Services Agreement” means the management services agreement dated April 2, 2015 between Dream Office REIT, DAM and Dream Office LP, as amended or amended and restated from time to time.

“Master Asset Transfer Agreements” means the Dundee Consolidated Properties Master Asset Transfer Agreement and the DAM Master Asset Transfer Agreement and any other agreement entered into between affiliates of DAM and Dream Office LP for the purposes of transferring the Properties to Dream Office LP in connection with the 2003 Reorganization.

“Master Property Management Agreement” means the master property management agreement dated June 30, 2003 between Dream Office REIT, Dream Office Management LP, Dream Office LP and DAM.

“NAV” has the meaning given to it in “General Development of the Business – Strategic Plan”.

“New Licence Agreement” has the meaning given to it in “Real Estate Management and Advisory Services – License Agreement with Dream Technology Ventures LP”.

“NI 52-109” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“**NOI**” means the total investment property revenue less investment property operating expenses, including the share of net rental income from investment in joint ventures and property management income, excluding net rental income from properties sold and properties held for sale. NOI is an important measure of performance used by management in evaluating property operation however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other investment trusts. See our 2017 MD&A for a reconciliation of NOI to net rental income.

“**Non-Resident**” means a non-resident of Canada within the meaning of the Tax Act.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended.

“**Partnership A**” means Dream Office OTA LP, a limited partnership formed under the laws of the Province of Ontario of which GP A Co. is the general partner and Dream Office REIT is the sole limited partner.

“**Partnership B**” means Dream Office OTB LP, a limited partnership formed under the laws of the Province of Ontario of which GP B Co. is the general partner and Dream Office REIT is the sole limited partner.

“**Plans**” means trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans under the Tax Act.

“**Properties**” means the commercial revenue producing properties listed under “Real Estate Portfolio” held indirectly by Dream Office REIT through Dream Office Properties LP and its Subsidiaries.

“**Redemption Date**” has the meaning given to it in “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

“**Redemption Price**” has the meaning given to it in “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

“**REIT**” means real estate investment trust.

“**REIT A Units**” means the REIT Units, Series A of Dream Office REIT, each representing an undivided beneficial interest in any distributions from Dream Office REIT derived from Dream Office REIT’s investment in securities of Partnership A.

“**REIT B Units**” means the REIT Units, Series B of Dream Office REIT, each representing an undivided beneficial interest in any distributions from Dream Office REIT derived from Dream Office REIT’s investment in securities of Partnership B.

“**REIT Exception**” means the exception under the SIFT Rules applicable to certain real estate investment trusts that satisfy certain specified conditions relating to the nature of their income and investments.

“**REIT Units**” means, collectively, the REIT A Units, the REIT B Units and the Special Trust Units, but “**REIT units**”, when units is used in lower case type, means, collectively, the REIT A Units and the REIT B Units.

“**Related Party**” means, with respect to any person, a person who is a “related party”, as that term is defined in Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions*, as such rule may be amended from time to time (and including any successor rule or policy thereto).

“**RESPs**” means trusts governed by registered education savings plans under the Tax Act.

“**Revolving Credit Facility**” has the meaning given to it in “General Development of the Business – Strategic Plan – *Revolving Credit Facility and Repayment of Previous Revolving Credit Facility and Term Loan Facility*”.

“**S&P**” means S&P Global Ratings, acting through Standard & Poor’s Ratings Services (Canada), a business unit of S&P Global Canada Corp.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“Series A Debentures” means the 3.424% Series A senior unsecured debentures of Dream Office REIT due June 13, 2018.

“Series B Debentures” means the Series B floating rate senior unsecured debentures of Dream Office REIT.

“Series C Debentures” means the 4.074% Series C senior unsecured debentures of Dream Office REIT due January 21, 2020.

“Series H Debentures” means the 5.50% Series H convertible unsecured subordinated debentures of Whiterock Real Estate Investment Trust assumed by Dream Office REIT.

“Series K Debentures” means the 5.95% senior unsecured debentures, Series K of Whiterock Real Estate Investment Trust assumed by Dream Office REIT.

“Series L Debentures” means the 5.95% senior unsecured debentures, Series L of Whiterock Real Estate Investment Trust assumed by Dream Office REIT.

“Shared Services and Cost Sharing Agreement” means the amended and restated agreement dated April 2, 2015 between Dream Office REIT, Dream Office LP and DAM, as amended by the amending agreement dated January 1, 2016 between Dream Office REIT, Dream Office LP and DAM.

“SIFT” means a specified investment flow-through trust or partnership for purposes of the Tax Act.

“SIFT Rules” means the amendments to the Tax Act enacted on June 22, 2007 which modify the tax treatment of certain publicly traded trusts and partnerships that are SIFTs and their beneficiaries and partners.

“Special Trust Units” means the Special Trust Units of Dream Office REIT issued to the holders of LP B Units providing rights to vote (and only a nominal economic interest) as a unitholder of Dream Office REIT.

“Strategic Plan” has the meaning given to it in “General Development of the Business – Strategic Plan”.

“Subsidiary” means, with respect to any person (other than an individual), any other person that is controlled, directly or indirectly, by the person and, in addition to the foregoing, with respect to Dream Office REIT shall include GP A Co., GP B Co., Partnership A, Partnership B, Dream Office General Partner, Dream Office LP, Dream Office Management (GP) Inc. and Dream Office Management LP.

“Subsidiary Security” means securities of a Subsidiary of Dream Office REIT.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“Transition Fund Unit” means a unit of interest in Dream Office REIT designated as a “Transition Fund Unit” and includes a fraction of a Transition Fund Unit.

“TSX” means the Toronto Stock Exchange.

GENERAL

We own well-located, high-quality central business district office properties in major urban centres across Canada, with a focus on downtown Toronto. Our portfolio comprises central business district and suburban office properties predominately located in major urban centres across Canada, including Calgary, Toronto downtown, Mississauga, North York, Ottawa and Montreal. At December 31, 2017, our ownership interests included 9.0 million square feet of GLA across 48 properties, which comprise 42 office properties (8.2 million square feet), four properties held for sale (0.4 million square feet) and two redevelopment properties comprising 15 acres in Scarborough, Ontario (0.4 million square feet).

Dream Office REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario. Dream Office REIT is a “mutual fund trust” as defined in the Tax Act, but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. Our head office is located at 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1.

Dream Office REIT’s investment and operating activities are limited, because our operating activities are carried out by our Subsidiaries.

For simplicity, we use terms in this AIF to refer to our investments and operations as a whole. Accordingly, in this AIF, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to Dream Office REIT and its Subsidiaries. When we use expressions such as “our investments”, “our operations” or “our business”, we are referring to the investments, operations and business of Dream Office REIT and its Subsidiaries as a whole. When we use expressions such as “our properties”, “our portfolio”, “we own” or “we invest in” in relation to the Properties, we are referring to our ownership of and investment in the Properties indirectly through our Subsidiaries. When we use expressions such as “we operate”, we are referring to Dream Office REIT’s operations through its Subsidiaries.

When we use the expression “our trustees” in this AIF, we are referring to the trustees of Dream Office REIT.

All information in this AIF set out with respect to occupancy rates, expiry dates, average contract rent and premium of market rent over contract rent of our Properties does not give effect to the rent supplement described in this AIF. Where we refer to the term “market rent”, we have estimated market rent through reference to recent leasing activity in the market, leasing interest in the Properties and publicly available market research. Where we refer to the term “square feet”, we are referring to square feet of GLA, unless otherwise indicated.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2017.

FORWARD-LOOKING INFORMATION

Certain information in this AIF may constitute “forward-looking information” within the meaning of applicable securities legislation, including but not limited to statements relating to Dream Office REIT’s objectives, strategies to achieve those objectives, its beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general (including statements regarding our Strategic Plan, our disposition targets, the timing of proposed dispositions, the use of proceeds from dispositions, proposed debt repayments and unit repurchases and anticipated interest savings) and expected timing of the closing of proposed amendments to our revolving credit facility, in each case that are not historical facts. The forward-looking information in this AIF is presented for the purpose of providing disclosure of the current expectations of our future events or results, having regard to current plans, objectives and proposals, and such information may not be

appropriate for other purposes. Forward-looking information may also include information regarding our respective future plans or objectives and other information that is not comprised of historical fact. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this AIF uses words such as “may”, “would”, “could”, “should”, “will” “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking information.

Any such forward-looking information is based on information currently available to us, and is based on assumptions and analyses made by us in light of our respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, including but not limited to: that no unforeseen changes in the legislative and operating framework for our business will occur, including unforeseen changes to tax laws; that we will meet our future objectives and priorities; that we will have access to adequate capital to fund our future projects and plans; that our future projects and plans will proceed as anticipated; and that future market and economic conditions will occur as expected.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: adverse changes in general economic and market conditions; our inability to raise additional capital; our inability to execute strategic plans (including the Strategic Plan) and meet financial obligations; risks associated with our anticipated real estate operations and investment holdings in general, including environmental risks, market risks, and risks associated with inflation, changes in interest rates and other financial exposures. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information contained, or incorporated by reference, in this AIF, see the risk factors discussed under “Risk Factors” in this AIF.

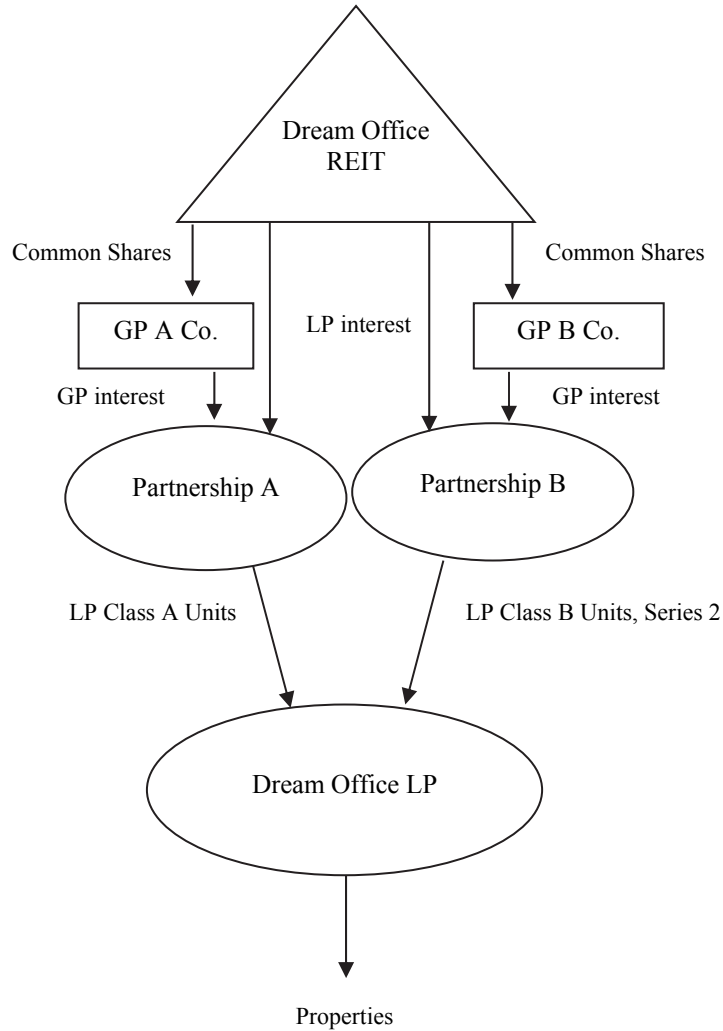
In evaluating any forward-looking information contained, or incorporated by reference, in this AIF, we caution readers not to place undue reliance on any such forward-looking information. Any forward-looking information speaks only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained, or incorporated by reference, in this AIF to reflect subsequent information, events, results, circumstances or otherwise.

NON-GAAP MEASURES

Dream Office REIT’s consolidated financial statements are prepared in accordance with IFRS. In this AIF, Dream Office REIT discloses and discusses certain non-IFRS financial measures including interest coverage ratio, as well as other measures discussed elsewhere in this AIF. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. Dream Office REIT has presented such non-IFRS measures as management believes they are relevant measures of our underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to net income, total comprehensive income, cash flows generated from operating activities or comparable metrics determined in accordance with IFRS as indicators of Dream Office REIT’s performance, liquidity, cash flow and profitability. See the Glossary of Terms for the definition of interest coverage ratio. For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS please refer to the “Non-GAAP Measures and Other Disclosures” section in our 2017 MD&A.

OUR STRUCTURE

The following chart is a simplified illustration of our organizational structure as at December 31, 2017:



Notes:

- (1) As at December 31, 2017, Michael J. Cooper and related DAM entities beneficially owned approximately 19% of the outstanding REIT Units. The ownership interest of Michael J. Cooper is not reflected in the above organizational chart.
- (2) Partnership A and Partnership B own all of the voting limited partnership units of Dream Office LP, which collectively represent an equity interest in Dream Office LP of approximately 93% as at December 31, 2017. The general partner of Dream Office LP is Dream Office GP, which is wholly-owned by Dream Office REIT.
- (3) Properties may be held by Dream Office LP indirectly.

Our principal Subsidiary entities are described below:

Dream Office OTA LP (“Partnership A”) - a limited partnership governed by the laws of Ontario. Partnership A is one of two holding entities for our interest in Dream Office LP. All of the limited partnership interests in Partnership A are held by Dream Office REIT. The general partner of Partnership A is Dream Office OTA (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned Subsidiary of Dream Office REIT.

Dream Office OTB LP (“Partnership B”) - a limited partnership governed by the laws of Ontario. Partnership B is one of two holding entities for our interest in Dream Office LP. All of the limited partnership interests in Partnership B are held by Dream Office REIT. The general partner of Partnership B is Dream Office OTB (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned Subsidiary of Dream Office REIT.

Dream Office LP (“Dream Office LP”) - a limited partnership governed by the laws of Ontario. Dream Office LP holds direct and indirect interests in our commercial revenue producing properties. Dream Office LP is also the entity through which Dream holds a portion of its economic interest in our business. Dream Office REIT indirectly owns all of the voting limited partnership units of Dream Office LP, while those other persons beneficially hold all of the non-voting limited partnership units of Dream Office LP.

Dream Office Management LP (“Dream Office Management LP”) - a limited partnership governed by the laws of Ontario. Dream Office Management LP holds all of the issued and outstanding shares of Dream Office Management. Dream Office Management LP manages substantially all of our properties and provides certain services to us, with the assistance of its wholly-owned Subsidiary, Dream Office Management. Dream Office REIT indirectly holds all of the voting units of Dream Office Management LP. The general partner of Dream Office Management LP is Dream Office Management (GP) Inc., a corporation incorporated under the laws of Ontario. Dream Office LP holds all of the limited partnership units of Dream Office Management LP, and all of the issued and outstanding shares of its general partner. Through these interests, Dream Office LP is entitled to 100% of the distributions of income from Dream Office Management LP.

Dream Office Management Corp. (“Dream Office Management”) - a corporation governed by the laws of Ontario. Dream Office Management assists Dream Office Management LP in managing substantially all of our properties. All of the issued and outstanding shares of Dream Office Management are held by Dream Office Management LP.

GENERAL DEVELOPMENT OF THE BUSINESS

Acquisitions and Dispositions

Acquisitions

There were no material acquisitions completed in 2015, 2016 or 2017.

Dispositions

From January 1, 2015 to December 31, 2017, we have sold the properties set out below:

Property	Ownership (%)	Disposed share of GLA (000's sq. ft.)	Sales price (\$000's)	Date Disposed
Capital Centre, Edmonton	25	16		March 12, 2015
8100 Granville Avenue (Richmond Place), Vancouver	100	95		July 15, 2015
2200 - 2204 Walkley Road, Ottawa	100	159		August 27, 2015
Québec City Portfolio ⁽¹⁾	100	634		October 30, 2015
Total dispositions for the year ended December 31, 2015		904	\$ 154,131	
2450 Girouard Street West & 455 Saint Joseph Avenue (Intact Tower), Saint-Hyacinthe	100	232		February 26, 2016
8550 Newman Boulevard, Montréal	100	66		March 1, 2016
1305 Chemin Sainte-Foy, Québec City	100	37		March 1, 2016
1 Riverside Drive, Windsor	100	236		March 10, 2016
2010 Winston Park Drive, Oakville	40	32		April 1, 2016
4259-4299 Canada Way, Burnaby	100	120		April 27, 2016
960 Quayside Drive, New Westminster	100	62		April 29, 2016
625 Cochrane Drive and Valleywood Corporate Centre, Markham	100	318		May 2, 2016
30 Eglinton Ave. West, Mississauga	100	165		May 18, 2016
887 Great Northern Way, Vancouver	100	164		June 10, 2016
Scotia Plaza and 100 Yonge Street, Toronto	17	371		June 30, 2016
100 Gough Road, Markham	100	112		July 25, 2016
Suburban Ottawa & Gatineau Portfolio ⁽²⁾	100	392		July 29, 2016
Seven Capella Court, Ottawa	100	32		August 2, 2016
4370 & 4400 Dominion Street, Burnaby	100	157		September 16, 2016
2665 Renfrew Street, Vancouver	100	82		November 16, 2016
Kitchener Portfolio ⁽³⁾	100	985		December 29, 2016
Total dispositions for the year ended December 31, 2016		3,563	\$ 870,154	
Braithwaite Boyle Centre, Calgary	100	55		January 9, 2017
10 Lower Spadina Avenue, Toronto	40	24		January 11, 2017
49 Ontario Street, Toronto	40	35		January 11, 2017
Calgary Portfolio ⁽⁴⁾	100	1,505		January 31, 2017
HSBC Bank Place and Enbridge Place, Edmonton	100	563		February 27, 2017
HSBC Building and Milner Building, Edmonton	100	296		March 3, 2017
13183 146 th Street NW, Edmonton	100	39		March 15, 2017
Accelerator Building, Waterloo	100	93		March 28, 2017

Property	Ownership (%)	Disposed share of GLA (000's sq. ft.)	Sales price (\$000's)	Date Disposed
10199 101 st Street NW, Edmonton	50	60		March 30, 2017
Franklin Atrium, Calgary	100	150		April 3, 2017
Property	Ownership (%)	Disposed share of GLA (000s sq. ft.)	Sales price (\$000's)	Date Disposed
Airport Corporate Centre, Calgary	100	151		April 12, 2017
3115 12 th Street NE, Calgary	100	73		April 12, 2017
2816 11 th Street NE, Calgary	100	33		April 19, 2017
250 King Street, Fredericton	100	80		April 25, 2017
460 Two Nations Crossing, Fredericton	40	20		April 25, 2017
185 The West Mall, Etobicoke	49.9	149		April 25, 2017
191 The West Mall, Etobicoke	49.9	79		April 25, 2017
195 The West Mall, Etobicoke	49.9	80		April 25, 2017
625 Agnes Street, New Westminster	100	86		May 9, 2017
5945-5955 & 5915-5935 Airport Road, Mississauga	100	685		May 11, 2017
Highfield Place, Edmonton	100	105		May 11, 2017
401 & 405 The West Mall, Toronto	40	165		May 26, 2017
680 Broadway Street, Tillsonburg	49.9	23		June 1, 2017
55 Norfolk Street South, Simcoe	40	6		June 16, 2017
180 Keil Drive South, Chatham	100	37		June 27, 2017
2550 Argentia Road, Mississauga	100	52		June 28, 2017
Regina Portfolio ⁽⁵⁾	100	176		June 29, 2017
Franklin Building, Calgary	100	51		July 31, 2017
2645 Skymark Avenue, Mississauga	100	141		August 15, 2017
2810 Matheson Boulevard East, Mississauga	49.9	69		August 15, 2017
586 Argus Road, Oakville	100	75		August 17, 2017
Scotia Plaza (40 King Street West), Toronto	50	790		August 23, 2017
Scotia Plaza (44 King Street West), Toronto	50	201		August 23, 2017
100 Yonge Street, Toronto	50	123		August 23, 2017
Baker Centre, Edmonton	100	143		August 23, 2017
Diversified Portfolio ⁽⁶⁾	Various	3,436		September 8, 2017
6501-6523 Mississauga Road, Mississauga	40	34		September 19, 2017
6531-6559 Mississauga Road, Mississauga	40	29		September 19, 2017
Station Tower, Surrey	100	220		October 4, 2017
Royal Centre, Saskatoon	100	48		October 6, 2017
445 Opus Industrial Boulevard, Mount Juliet, Nashville, U.S.	100	717		October 31, 2017
Total dispositions for the year ended December 31, 2017		10,897	\$2,339,572	

Notes:

- (1) Includes four properties in Québec City, Québec: 900 Place D'Youville, 580 Rue Grand Allée, 200 Chemin Sainte-Foy and 141 Saint-Jean Street.
- (2) Includes four properties in suburban Ottawa and Gatineau: 2625 Queensview Drive, Gateway Business Park, 1125 Innovation Drive and 22 Varennes Street.
- (3) Includes seven properties in Kitchener, Ontario: Market Square, 101 Frederick Street (Galleria), 50 Queen Street North, 55 King Street West, 235 King Street East, 22 Frederick Street and 70 King Street East.

- (4) Includes 12 properties in Calgary: Atrium I, Atrium II, Roslyn Building, 435-4th Avenue SW, Mount Royal Place, 1035-7th Avenue SW, 840-7th Avenue, McFarlane Tower, Dominion Centre, 510-5th Street SW, Northland Building and 441-5th Avenue.
- (5) Includes five properties in Regina: 2400 College Avenue, 2220 College Avenue, 2208 Scarth Avenue, 2445 13th Avenue and Harbour Landing, Phase 2.
- (6) Diversified Portfolio includes 39 properties: three properties in British Columbia, five properties in the Northwest Territories, nine properties in Alberta, 18 properties in Ontario and four properties in Nova Scotia. The Trust's ownership interest in these properties ranged between 35.0% and 100.0%.

Development Properties

We hold a redevelopment property located in Scarborough, Ontario comprising 15 acres. We are currently reviewing our remaining portfolio with a view to unlocking value through redevelopment and intensification.

2015 Reorganization

On April 2, 2015, we completed a reorganization of our management structure to better align our management structure with the interests of unitholders (the “**2015 Reorganization**”), pursuant to which the Board and the management of Dream Office REIT assumed full responsibility for the operation and management of Dream Office REIT, effectively eliminating the external asset management function of DAM. As a result of the 2015 Reorganization, the annual asset management fee, acquisition fee, financing fee and capital expenditure fee previously payable by us under the Asset Management Agreement were eliminated. Under the new arrangements, in order to take advantage of the same economies of scale we enjoyed prior to the 2015 Reorganization under the DAM external management structure, Dream Office REIT has maintained certain resource sharing arrangements with DAM and other Dream entities on a cost allocation basis. In addition, pursuant to the Management Services Agreement entered into in connection with the 2015 Reorganization, Dream Office REIT continues to have access to DAM for strategic advice and input as well as other expertise and knowledge as it may require.

As part of the 2015 Reorganization, we acquired a Subsidiary of DAM which was a party to the Asset Management Agreement, resulting in the elimination, effective as of April 2, 2015, of our obligation to pay the annual asset management fee, acquisition fee, financing fee and capital expenditure fee. See “Real Estate Management and Advisory Services – Asset Management Agreement”. In consideration for the sale, DAM received 4,850,000 LP B Units which are exchangeable for 4,850,000 REIT A Units, representing, as of April 2, 2015, approximately 4.3% of the outstanding REIT Units after giving effect to the 2015 Reorganization. The LP B Units acquired by DAM are accompanied by an equivalent number of Special Trust Units entitling the holder to one vote for each Special Trust Unit at meetings of unitholders of Dream Office REIT. As of March 23, 2018, DAM, together with its Chief Responsible Officer, Michael J. Cooper, beneficially owned 15,470,955 REIT Units (including the 4,850,000 REIT A Unit issuable upon exchange of the 4,850,000 LP B Units), representing approximately 20.5% of the outstanding REIT Units (on a fully exchanged basis).

Management Services Agreement

On April 2, 2015, Dream Office REIT, Dream Office LP and DAM entered into the Management Services Agreement, pursuant to which DAM continues to provide Dream Office REIT with strategic advice and, for as long as requested by the Trust, the services of a Chief Executive Officer on a cost recovery basis. The Management Services Agreement may be terminated by us at any time, may be terminated by DAM on or after the third anniversary of the Management Services Agreement, or the second anniversary in certain circumstances, and will terminate automatically upon an “acquisition of control” of Dream Office REIT. DAM continues to be entitled to receive an incentive fee which is now payable upon termination of the Management Services Agreement.

DAM's incentive fee, which is payable upon termination of the Management Services Agreement, is calculated in a manner similar to the incentive fee that was payable under the Asset Management Agreement that had been in place since 2007. Under that agreement, DAM was entitled to be paid an

annual amount equal to 15% of Dream Office REIT's aggregate adjusted funds from operations (as defined in the Asset Management Agreement, which included the net proceeds on the sale of any properties), in excess of \$2.65 per unit and, upon termination of that agreement, each property was deemed to have been sold for purposes of calculating the incentive fee. The incentive fee under the Management Services Agreement is calculated in a similar manner but is payable only once in respect of the final twelve months of the agreement (taking into account the gain or loss on sale of any properties during the term of the agreement and the deemed sale of the balance of the properties on termination). See "Real Estate Management and Advisory Services – Management Services Agreement".

Services Agreement

DAM and Dream Office REIT continue to provide administrative services to one another on a cost recovery basis on substantially the same terms as under the services agreements in place prior to the 2015 Reorganization. The new agreements may be terminated at any time by either DAM or Dream Office REIT upon prior notice. See "Real Estate Management and Advisory Services – Shared Services and Costs Agreement".

Amended and Restated Non-Competition Agreement

Dream, DAM and Dream Office REIT entered into an amended and restated non-competition agreement on substantially the same terms as the non-competition agreement in place between Dream and Dream Office REIT prior to the 2015 Reorganization. This agreement terminates upon termination of the Management Services Agreement. See "Real Estate Management and Advisory Services – Dream Non-Competition Agreement".

Trade-Mark License Agreement

DAM has granted us a royalty-free, non-transferable license to use the "Dream Office" and "Dream Office REIT" trademarks in Canada and the United States pursuant to a trade-mark licence agreement. This agreement terminates automatically upon termination of the Management Services Agreement.

Governance Agreement

We entered into the Governance Agreement on substantially the same terms as the governance agreement in place prior to the 2015 Reorganization except that Dundee Corporation agreed to forsake its right to appoint one nominee to the board of directors of the general partner of Dream Office LP, a subsidiary of Dream Office REIT. See "Trustees and Officers – Governance Agreement".

Exchange Exercise Agreement and Exchange and Support Agreement

Each of DAM and Dundee Corporation agreed with us to permit us to require, in certain circumstances, Dundee Corporation or DAM or any of their respective subsidiaries to exercise their rights to obtain REIT A Units upon the exchange of the LP Class B Units held by such parties in the event of certain fundamental transactions affecting us, including if there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of REIT A Units or rights or other securities of Dream Office REIT or interests therein or thereto or there occurs or is about to occur any direct or indirect sale of all or substantially all of our consolidated assets, or a similar transaction involving us or a Subsidiary of us.

The Exchange and Support Agreement was also amended to confirm that it would not terminate as long as DAM or its subsidiaries continued to hold exchangeable limited partnership units.

Rights of First Offer

Dream Office REIT granted DAM a right of first offer in respect of the 18,551,855 units of Dream Industrial REIT issuable upon the exchange of exchangeable partnership units of Dream Industrial LP currently held by Dream Office REIT and a number of Dream Office REIT's Subsidiaries.

Strategic Plan

On February 18, 2016, we announced our strategic action plan (the "**Strategic Plan**") to close the discount between the trading price of our REIT A Units and our net asset value ("**NAV**"). During 2015, we reviewed a series of potential strategies aimed at surfacing value for Dream Office REIT's unitholders. Based on the quality of many of our assets, the current state of economic uncertainty in Alberta and the private demand for many of our properties, we determined that the best course of action was to execute a mandate similar to that of a real estate private equity fund, to attempt to reduce the discount to current net asset value.

Substantial Completion of Disposition Program and Outlook

A key element of our Strategic Plan involved improving our long-term NAV by selectively disposing of assets while forgoing short-term cash flows and yield (the "**Disposition Program**"). We had originally set out to sell \$1.2 billion of non-core assets over three years; however, as we progressed through our Disposition Program, we found the private markets had a stronger than expected appetite for our assets. Further, we reviewed our portfolio at the beginning of 2017 and expanded upon our disposition goals to include some of our assets that did not have opportunities to increase their value through redevelopment and intensification. We have substantially completed our Disposition Program, having sold just over \$3.3 billion of assets since the beginning of 2016, leaving a portfolio of higher-quality assets with a focus in downtown Toronto.

Consistent with our strategy, we have used our repatriated capital from dispositions to repurchase REIT A Units, positioning the Trust for future NAV increases to have a more dramatic effect on a per unit basis. Accordingly, since the announcement of our Strategic Plan up to December 31, 2017, we have purchased approximately 35.2 million REIT A Units for a total cost of approximately \$722.9 million or \$20.52 per unit.

As part of the Strategic Plan, on February 18, 2016, we announced the reduction of our distribution from \$2.24 per REIT A Unit to \$1.50 per REIT A Unit, on an annualized basis. Concurrently, we suspended the DRIP to eliminate dilution and to preserve value. In conjunction with the Disposition Program and buybacks of REIT A Units, we further reduced our distribution per REIT A Unit to \$1.00 in July 2017. The reduction in our distribution amount was done to maintain a conservative payout ratio, to retain appropriate maintenance capital and to generate investment capital to be used to improve the value of our portfolio.

With our Strategic Plan established in February 2016 now substantially complete, we can now look to the next phase of our strategy, to become a nimble, value-add real estate operator positioned to unlock the value in our downtown Toronto assets through redevelopment and intensification.

Revolving Credit Facility and Repayment of Previous Revolving Credit Facility and Term Loan Facility

As part of the Strategic Plan, on March 1, 2016, we entered into a new three-year, \$800 million revolving credit facility with a syndicate of major Canadian and global financial institutions (as amended from time to time, the "**Revolving Credit Facility**"). The Revolving Credit Facility replaced our previous \$171.5 million revolving credit facility that was due on March 5, 2016 and our previous \$183.5 million term loan facility that was due on August 15, 2016.

On April 18, 2017 and September 29, 2017, the Revolving Credit Facility was amended and reduced to \$500 million and \$400 million, respectively. The Revolving Credit Facility bears interest at the bankers' acceptances rate plus 1.70% and/or at the bank's prime rate plus 0.70%. The Revolving Credit Facility is at a minimum secured by first-ranking mortgages on eight properties at any point in time and matures on March 1, 2020.

On March 23, 2018, Dream Office REIT received commitments to increase and extend the Revolving Credit Facility. The amendment is expected to close in April 2018. The Revolving Credit Facility will increase from \$400 million to \$575 million and will mature on March 1, 2021. The interest rate will remain in the form of rolling one-month bankers' acceptances, bearing interest at the bankers' acceptances rate plus 1.7% or at the bank's prime rate plus 0.70%.

Dream Office REIT has complete discretion on the use of borrowings, which includes but is not limited to: repayment of debt, investment in existing or future properties and/or REIT Unit repurchases. The terms of the new revolving credit facility do not limit our ability to determine or revise our distribution policy in the future. See "Indebtedness" below.

Redemption of Series H Debentures and Repayment of Series B Debentures, Series K Debentures and Series L Debentures

On February 26, 2016, we gave notice of our redemption of all of our outstanding Series H Debentures due March 31, 2017. On March 31, 2016, Dream Office REIT completed the redemption of its remaining Series H Debentures, in accordance with the provisions of the indenture and supplemental indenture related to the redeemed Series H Debentures. The redemption price was paid in cash and was equal to the aggregate of (i) \$1,000 for each \$1,000 principal amount of Series H Debenture issued and outstanding on the Redemption Date, and (ii) all accrued and unpaid interest on the Series H Debentures up to but excluding the Redemption Date. The aggregate principal amount redeemed on the Redemption Date for the Series H Debentures was \$50.6 million. Following the redemption of the Series H Debentures, Whiterock Real Estate Investment Trust ceased to be a reporting issuer.

On April 26, 2016, Dream Office REIT repaid the Series K Debentures with an aggregate principal amount of \$25.0 million at maturity.

On September 30, 2016, Dream Office REIT repaid the Series L Debentures with an aggregate principal amount of \$10.0 million at maturity.

On January 9, 2017, Dream Office REIT repaid the Series B Debentures with an aggregate principal amount of \$125.0 million at maturity.

During the year ended December 31, 2017, the Trust purchased and cancelled \$34.2 million of the Series A Debentures.

Normal Course Issuer Bids

In June 2016, we filed with the TSX a notice of intention to make a normal course issuer bid, which commenced on June 22, 2016 and expired on June 21, 2017 (the "2017 NCIB"). Under the 2017 NCIB, we had the ability to purchase for cancellation up to a maximum of 10,732,867 REIT A Units (representing 10% of our public float of 107,328,675 REIT A Units at the time of entering the bid through the facilities of the TSX). On June 7, 2017 the 2017 NCIB expired as the Trust purchased the maximum number of REIT A Units, totaling 10,732,867 REIT A Units, permitted under the 2017 NCIB at an average price of \$19.28 for a total cost of \$207 million.

In August 2017, we renewed our normal course issuer bid (the "2018 NCIB"), which commenced on August 15, 2017, and will remain in effect until the earlier of August 14, 2018 and the date on which we have purchased the maximum number of REIT A Units permitted under the 2018 NCIB. Under the 2018

NCIB, we have the ability to purchase for cancellation up to a maximum of 7,197,095 REIT A Units (representing 10% of our public float of 71,970,948 REIT A Units at the time of entering the bid through the facilities of the TSX). Daily purchases under the 2018 NCIB are limited to 54,249 REIT A Units (representing 25% of the average daily trading volume during the six calendar months preceding the approval of the bid, being 216,999 REIT A Units per day), other than purchases pursuant to applicable block purchase exceptions. On February 13, 2018, the NCIB covering the period from August 15, 2017 to August 14, 2018 expired as the Trust purchased the maximum number of REIT A Units, totalling 7,197,095 REIT A Units for a total cost of \$157 million, permitted under the 2018 NCIB.

Substantial Issuer Bids

On August 14, 2017, we completed a substantial issuer bid (the “**2017 Issuer Bid**”) to purchase for cancellation up to 24,444,444 REIT A Units pursuant to a modified Dutch auction process, pursuant to which we took up and paid for 20,952,380 REIT A Units at a price of \$21.00 per REIT A Unit for an aggregate cost of approximately \$440 million, excluding fees and expenses relating to the 2017 Issuer Bid. The REIT A Units purchased for cancellation under the 2017 Issuer Bid represented approximately 21.3% of the issued and outstanding REIT A Units immediately prior to the expiry of the 2017 Issuer Bid.

On March 22, 2018, Dream Office REIT announced its intention to commence a substantial issuer bid pursuant to which the Trust has offered to purchase up to 10,000,000 of its REIT A Units at a purchase price of \$24.00 per REIT A Unit in cash (the “**2018 Issuer Bid**”). Assuming that 10,000,000 REIT A Units are purchased pursuant to the 2018 Issuer Bid, the aggregate purchase price pursuant to the 2018 Issuer Bid will be \$240 million. The 2018 Issuer Bid is expected to expire at 5 p.m. Eastern time on or about May 3, 2018, unless terminated or extended by the Trust. The 2018 Substantial Issuer Bid is not conditional on any minimum number of REIT A Units being tendered, but is subject to various other conditions typical for a transaction of such nature, which are described in the formal offer to purchase and issuer bid circular and related documents which will be filed and made available under our profile on SEDAR at www.sedar.com.

Equity and Debt Offerings

We did not complete any equity or debt offerings in 2017, 2016 and 2015.

RECENT DEVELOPMENTS

Appointment of Chief Executive Officer

On February 22, 2018, we announced the appointment of Michael J. Cooper as Chief Executive Officer of Dream Office REIT.

Current Discussions Regarding Acquisitions and Dispositions

Subsequent to December 31, 2017, the Trust completed the sale of four properties located in Alberta and Saskatchewan, totalling approximately 0.4 million square feet, for gross proceeds (net of adjustments) totalling \$51.7 million.

Consistent with our past practices and in the normal course of business, and as discussed below under “Description of the Business – Strategy Update”, we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition or disposition would be. We expect to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

DESCRIPTION OF THE BUSINESS

Objectives

We are committed to:

- Managing our business to provide stable cash flows and superior risk-adjusted returns, while managing our assets to maximize value over the longer term;
- Continual improvement in the quality of our portfolio by investing in assets through upgrades, intensification and redevelopment in order for our buildings to be attractive to our tenants and selectively disposing of assets with lower potential for long-term income growth;
- Building and maintaining a strong, flexible and resilient balance sheet; and
- Maintaining a REIT status that satisfies the REIT exception under the SIFT legislation in order to provide certainty to unitholders with respect to taxation of distributions.

Strategy Update

As described under “General Development of the Business – Strategic Plan”, in February 2016, management of the Trust determined that the best course of action for the Trust was to continue to employ its mandate emulating that of a real estate private equity fund, to attempt to reduce the discount to NAV through the execution of our Strategic Plan. We had originally set out to sell \$1.2 billion of non-core assets over three years; however, as we progressed through our Disposition Program, we found the private markets had a stronger than expected appetite for our assets. Further, we reviewed our portfolio at the beginning of 2017 and expanded upon our disposition goals to include some of our assets that did not have opportunities to increase their value through redevelopment and intensification.

We have substantially completed our Disposition Program, having sold just over \$3.3 billion of assets since the beginning of 2016, leaving a portfolio of higher-quality assets with a focus in downtown Toronto. Consistent with our strategy, we have used our repatriated capital from dispositions to repurchase REIT A Units, positioning the Trust for future NAV increases to have a more dramatic effect on a per unit basis. Accordingly, since the announcement of our Strategic Plan to date, we have purchased approximately 38.9 million REIT A Units for a total cost of approximately \$0.8 billion or \$20.68 per REIT A Unit.

In conjunction with the Disposition Program and buybacks of REIT A Units, we reduced our distribution per REIT A Unit amount from \$2.24 prior to the announcement of our Strategic Plan to \$1.00 in July 2017.

With our Strategic Plan established in February 2016 now substantially complete, we can now look to the next phase of our strategy, to become a nimble, value-add real estate operator positioned to unlock the value in our downtown Toronto assets through redevelopment and intensification.

Competitive Conditions

A description of the competitive conditions relevant to our business is set out in the 2017 MD&A under “Risks and Our Strategy to Manage”. The disclosure in that section is incorporated by reference into this AIF.

REAL ESTATE PORTFOLIO

Dream Office REIT owns well-located, high-quality central business district office properties in major urban centres across Canada, with a focus on downtown Toronto.

At December 31, 2017, our ownership interests included 9.0 million square feet of GLA across 48 properties, which comprise 42 office properties (8.2 million square feet), four properties held for sale (0.4 million square feet) and a redevelopment property comprising 15 acres in Scarborough, Ontario (0.4 million square feet).

Additional data and information regarding the geographic distribution of our rental properties are set out on page 8 of our 2017 MD&A and a comprehensive list of all of our properties as of December 31, 2017 are set out on page 56 of our 2017 MD&A, which disclosure is incorporated by reference into this AIF. The 2017 MD&A has been filed and is available under our profile on SEDAR at www.sedar.com.

The following table outlines the contributions to gross rental revenue of our top ten largest tenants as at December 31, 2017. Our top ten tenants have a weighted average lease term of 4.9 years.

Tenant	Gross rental revenue (%)	Owned area (thousands of sq. ft.)	Owned area (%)	Credit rating ⁽¹⁾
1 Government of Canada	9.1	612	7.5	AAA/A-1+
2 Government of Ontario	7.9	613	7.5	A+/A-1
3 State Street Trust Company	3.5	219	2.7	AA-/A/A-1+
4 Newalta Corporation	2.9	187	2.3	N/R
5 Bell Canada	2.4	185	2.3	A-2/BBB+
6 AON Canada Inc.	2.1	152	1.9	N/R
7 International Financial Data Services	2.0	137	1.7	N/R
8 Cenovus Energy	2.0	141	1.7	BBB
9 Government of Québec	1.9	164	2.0	AA-/A-1+
10 National Bank of Canada	1.8	206	2.5	A/A-1
Total	35.6	2,616	32.1	

(1) Credit ratings are obtained from S&P and may reflect the parent's or guarantor's credit rating.

N/R – not rated

ASSESSMENTS OF THE PROPERTIES

Environmental Site Assessments

Environmental legislation and policies have become increasingly stringent over the years. Such environmental laws provide a range of potential liabilities, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous or toxic substances released on, to, in or from our properties or disposed of in any other location. The presence of such substances, if any, may also adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral, and could potentially also result in civil claims by private plaintiffs.

Phase I environmental site assessments (also known as environmental audits) of each of the Properties have previously been performed by independent environmental consultants from time to time as necessary. Such assessments may have been performed in connection with financing activities with respect to the Properties or the due diligence process in connection with our purchase of Properties. Phase I environmental site assessments were conducted to identify actual and potential site contamination and non-compliance with environmental laws and regulations based on a review of available historical and current records, interviews with available site personnel and a visual inspection of the relevant property. A Phase I environmental site assessment is a limited review and evaluation of the environmental condition of a property, which does not involve soil sampling or groundwater analysis, unless required by the consultant. When a Phase I environmental site assessment identifies any substantial potential issues, including noncompliance with material environmental laws or regulations, further assessment is carried out, including, in some cases, Phase II site assessments which involve intrusive investigations, such as soil or water sampling and analyses.

Phase II environmental site assessments were also conducted on certain of the Properties. The relatively few issues identified through this site assessment process, including the need to remediate or otherwise address contamination at some of the Properties, are being carefully managed, with the involvement of professional consultants where appropriate.

We believe that the current estimated cost of remediation or capital expenditures with respect to actual or potential environmental conditions would not have a material adverse effect on our results of operations, business, prospects and financial condition.

We have policies and procedures in place to review and monitor environmental matters relating to our properties, and the Compensation, Health and Environmental Committee of our Board has oversight over these matters. Our operating policies require us to conduct a Phase I environmental audit of real properties proposed to be acquired by us, subject to certain limited exceptions. We will continue to make appropriate capital and operating expenditures to ensure compliance with environmental laws and regulations.

Building Condition Assessments

Building condition assessments of each of the Properties have previously been performed by independent engineering consultants from time to time as necessary. Such assessments may have been performed in connection with financing activities with respect to the Properties or the purchase of properties that are not currently in our portfolio. Building condition assessments are based on a visual walk-through for the purpose of assessing and documenting the existing condition of each of the Properties, with specific attention to the exterior building envelope, but also including structural, mechanical, electrical, roofing and site elements. The building condition assessment reports catalogue repair work, deferred maintenance and capital maintenance that were observed during on-site reviews of the Properties and provide an opinion of probable costs that could be anticipated for capital requirements relating to deferred maintenance and capital replacement which may be expected during the following ten years.

As part of our annual asset review program, we monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that the Properties remain competitive. We manage capital expenditures prudently and maintain the physical improvements of the Properties in good condition. We also expend capital on upgrades where appropriate, especially if we believe that such spending will accelerate lease-up of vacant space and assist in the retention of expiring tenancies.

INDEBTEDNESS

For the year ended December 31, 2017, our interest coverage ratio was 3.1 times. Interest coverage ratio includes the results from investment in joint ventures that are equity accounted. For more information, see page 45 of our 2017 MD&A. As at the same date, our variable rate debt was approximately 8.3% of total debt and the average term to maturity of our total debt was 4.5 years. For more information on our financing, see page 29 of our 2017 MD&A.

The following table summarizes the composition of the existing debt in place in our portfolio as at December 31, 2017. All dollar amounts are expressed in thousands of dollars.

	Weighted average effective interest rates ⁽¹⁾		Maturity dates	Debt amount	
	December 31, 2017	December 31, 2016		December 31, 2017	December 31, 2016
Fixed rate					
Mortgages	4.09%	3.86%	2018-2027	\$ 963,346	\$ 1,989,222
Debentures	3.96%	3.93%	2018-2020	290,140	323,829
Total fixed rate debt	4.06%	3.87%		1,253,486	2,313,051
Variable rate					
Mortgages	3.32%	3.05%	2018-2022	117,356	37,950
Demand revolving credit facilities	—	3.02%	2018-2020	(3,192)	173,790
Series B Debentures	—	3.09%	2017	—	124,999
Total variable rate debt	3.32%	3.05%		114,164	336,739
Total debt	4.00%	3.76%		\$ 1,367,650	\$ 2,649,790

(1) The effective interest rate method includes the impact of fair value adjustments on assumed debt and financing costs.

Our current debt profile is balanced with staggered maturities over the next nine years. The following tables summarize our debt maturity profile as at December 31, 2017. All dollar amounts are expressed in thousands of dollars:

	Mortgages		Demand revolving credit facilities		Debentures		Total	
	Outstanding balance due at maturity	Weighted average interest rate	Outstanding balance due at maturity	Weighted average interest rate	Outstanding balance due at maturity	Weighted average interest rate	Outstanding balance due at maturity	Weighted average interest rate
Debt maturities								
2018	\$ 49,225	3.31%	\$ —	—	\$ 140,755	3.42%	\$ 189,980	3.39%
2019	72,991	3.88%	—	—	—	—	72,991	3.88%
2020	43,910	3.59%	—	—	150,000	4.07%	193,910	3.97%
2021	133,249	4.73%	—	—	—	—	133,249	4.73%
2022	184,014	3.90%	—	—	—	—	184,014	3.90%
2023–2027	443,514	3.81%	—	—	—	—	443,514	3.81%
Subtotal before undernoted items	\$ 926,903	3.93%	\$ —	—	\$ 290,755	3.76%	\$ 1,217,658	3.89%
Scheduled principal repayments on non-matured debt	157,434	—	—	—	—	—	157,434	—
Subtotal before undernoted items	\$ 1,084,337	3.94%	\$ —	—	\$ 290,755	3.76%	\$ 1,375,092	3.90%
Financing costs	(4,664)		(3,192)		(615)		(8,471)	
Fair value adjustments	1,029		—		—		1,029	
Debt per consolidated financial statements	\$ 1,080,702	4.01 %	\$ (3,192)	—	\$ 290,140	3.96 %	\$ 1,367,650	4.00 %

Mortgage Financing

Our properties currently serve as security for mortgage loan facilities from a number of lenders. In some cases, a group of properties may serve as security for mortgage loans from a single lender. In some cases, there is recourse to the assets of Dream Office LP.

Debentures

As at December 31, 2017 we had the following series of non-convertible debentures outstanding, expressed in thousands of dollars:

Debentures	Date issued	Maturity date	Original principal	Face interest rate	December 31, 2017	
					Outstanding principal	Carrying value
Series A Debentures	June 13, 2013	June 13, 2018	\$ 175,000	3.42%	\$ 140,755	\$ 140,609
Series C Debentures	January 21, 2014	January 21, 2020	150,000	4.07%	150,000	149,531
			\$ 325,000		\$ 290,755	\$ 290,140

On January 9, 2017, we repaid the Series B Debentures with an aggregate principal amount of \$125.0 million at maturity.

On September 27, 2017 and December 13, 2017, the Trust purchased and cancelled \$4.6 million and \$29.7 million, respectively, representing approximately 20% of the outstanding Series A Debentures with an original aggregate principal amount of \$175.0 million and a maturity date of June 13, 2018.

Demand Revolving Credit Facility

On March 1, 2016, the Trust entered into the \$800 million formula-based demand Revolving Credit Facility. On April 18, 2017 and September 29, 2017, the Revolving Credit Facility was amended and reduced to \$500 million and \$400 million, respectively. The Revolving Credit Facility bears interest at the bankers' acceptances rate plus 1.70% and/or at the bank's prime rate plus 0.70%. The Revolving Credit Facility is at a minimum secured by first-ranking mortgages on eight properties at any point in time and matures on March 1, 2020.

Dream Office REIT has complete discretion on the use of borrowings, which includes but is not limited to: repayment of debt, investment in existing or future properties and/or unit repurchases. The terms of the Revolving Credit Facility do not limit Dream Office REIT's ability to determine or revise its distribution.

As at December 31, 2017, the amount available under the Revolving Credit Facility was \$371.5 million less \$0.7 million in the form of letters of credit.

The amounts available and drawn under the demand revolving credit facilities as at December 31, 2017 and December 31, 2016 are as follows, expressed in thousands of dollars:

December 31, 2017								
	Maturity date	Interest rates on drawings	Secured investment properties	Face interest rate	Borrowing capacity	Drawings	Letters of credit	Amount available
Formula-based maximum not to exceed \$400,000	March 1, 2020	BA + 1.70% or Prime + 0.70%	8	n/a	\$ 371,483	\$ —	\$ (660)	\$ 370,823
Formula-based maximum not to exceed \$45,000	April 30, 2018	BA + 2.00% or Prime + 0.85%	2	n/a	25,844	—	—	25,844
			10		\$ 397,327	\$ —	\$ (660)	\$ 396,667

December 31, 2016								
	Maturity date	Interest rates on drawings	Secured investment properties	Face interest rate	Borrowing capacity	Drawings	Letters of credit	Amount available
Formula-based maximum not to exceed \$800,000	March 1, 2019	BA + 1.70% or Prime + 0.70%	22	2.61%	\$ 763,333	\$ (178,000)	\$ (16,461)	\$ 568,872
Formula-based maximum not to exceed \$45,000	April 30, 2018	BA + 2.00% or Prime + 0.85%	4	n/a	45,000	—	(358)	44,642
			26		\$ 808,333	\$ (178,000)	\$ (16,819)	\$ 613,514

On March 23, 2018, Dream Office REIT received commitments to increase and extend the Revolving Credit Facility. The amendment is expected to close in April 2018. The Revolving Credit Facility will increase from \$400 million to \$575 million and will mature on March 1, 2021. The interest rate will remain in the form of rolling one-month bankers' acceptances, bearing interest at the bankers' acceptances rate plus 1.7% or at the bank's prime rate plus 0.70%.

Additional Financing

We may seek additional financing with one or more financial institutions from time to time. Such financing will be used for general trust purposes, which may include the funding of our operations or future property acquisitions.

TRUSTEES AND OFFICERS

Pursuant to the Declaration of Trust, Dream Office REIT may have between five and 12 trustees at any given time and a majority of our trustees must be resident Canadians. Dream Office REIT currently has seven trustees.

Each of our trustees is required to exercise the powers and discharge the duties of his or her office honestly and in good faith with a view to the best interests of Dream Office REIT and its unitholders and, in connection with doing so, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The following table sets forth, as at March 27, 2018, the name, province or state and country of residence, position with Dream Office REIT and principal occupation for each of our trustees and executive officers. Trustees of Dream Office REIT hold office until the next annual meeting of our unitholders or until their successors are elected or appointed.

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
Detlef Bierbaum ⁽¹⁾⁽⁴⁾ Köln, Germany	Trustee (since June 30, 2003)	Yes	Corporate Director
Donald K. Charter ⁽²⁾⁽³⁾ Ontario, Canada	Trustee (since June 30, 2003)	Yes	Corporate Director
Michael J. Cooper ⁽⁴⁾ Ontario, Canada	Trustee (since June 30, 2003); Chairman	No	President and Chief Responsible Officer of Dream and founder of DAM, a real estate company, and Chair and Chief Executive Officer of Dream Office REIT
Joanne Ferstman ⁽¹⁾⁽⁴⁾ Ontario, Canada	Trustee (since March 26, 2007)	Yes	Corporate Director
Robert G. Goodall ⁽²⁾⁽³⁾ Ontario, Canada	Trustee (since June 30, 2003)	Yes	President, Canadian Mortgage Capital Corporation, a mortgage brokerage company
The Hon. Dr. Kellie Leitch ⁽²⁾ Ontario, Canada	Trustee (since March 21, 2016)	Yes	Member of Parliament for Simcoe-Grey, Parliament of Canada
Karine MacIndoe ⁽¹⁾⁽³⁾ Ontario, Canada	Trustee (since May 7, 2015)	Yes	Corporate Director

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
Rajeev Viswanathan Ontario, Canada	Chief Financial Officer of the REIT	—	Chief Financial Officer of the REIT

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance and Nominating Committee.
- (3) Member of the Compensation, Health and Environmental Committee.
- (4) Member of the Investment Committee.

Each of the foregoing has held his or her present principal occupation for the past five years except for:

- Donald Charter, who, from August 2010 to August 2013, served as President and Chief Executive Officer and a director of Corsa Coal Corp. and who has for the past five years also been a corporate director of various public companies;
- Michael J. Cooper who assumed the role of Chief Executive Officer of Dream Office REIT on January 1, 2018;
- Karine MacIndoe who, prior to April 2013, was Managing Director and Senior Equity Research Analyst covering Real Estate / REITs at BMO Capital Markets; and
- Rajeev Viswanathan who, prior to August 10, 2015 was Senior Vice President, Finance at Brookfield Asset Management.

As at December 31, 2017, our trustees and executive officers beneficially owned, or controlled or directed, directly or indirectly, as a group, 9,684,862 REIT A Units, which represent approximately 13.1% of the outstanding REIT A Units, and 5,233,823 Special Trust Units, which represent 100% of the outstanding Special Trust Units. On a combined basis, our trustees and executive officers beneficially owned, or controlled or directed, directly or indirectly, as a group, 14,918,685 REIT Units as at December 31, 2017, which represents approximately 18.9% of the outstanding REIT Units as at such date, and 15,777,377 REIT Units as at March 23, 2018, which represents 20.9% of the outstanding REIT Units as of such date.

Committees

The Board currently has four committees: the Audit Committee, the Governance and Nominating Committee, the Compensation, Health and Environmental Committee and the Investment Committee. The corporate governance guidelines in National Policy 58-201 – *Corporate Governance Guidelines* recommend that an issuer’s nominating committee and compensation committee be composed entirely of “independent” directors, within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Our Declaration of Trust also requires that committees of the trustees, other than the Investment Committee, be composed of a majority of “Independent Trustees”. As defined in the Declaration of Trust, an “Independent Trustee” is any Trustee who is independent for board purposes within the meaning of section 1.4 of NI 52-110 of the Canadian securities regulators or any successor instrument, rule or policy. Our Declaration of Trust requires that a majority of the trustees on each of these committees be resident Canadians. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a trustee. Please see our most recent management information circular for a description of the committees of the Board.

Audit Committee

NI 52-110 and the Declaration of Trust require the Board to have an Audit Committee consisting of at least three trustees. NI 52-110 requires that, subject to limited exceptions, every member of the Audit

Committee be “independent” for purposes of NI 52-110 and the Declaration of Trust requires that the Chair of the Audit Committee be selected from the group of Independent Trustees who are resident Canadians appointed to serve on the Audit Committee. The Board has adopted a charter of the Audit Committee, a copy of which is attached as Schedule A to this AIF.

The Audit Committee is responsible for monitoring Dream Office REIT’s systems and procedures for financial reporting and internal controls and the performance of Dream Office REIT’s external auditor. It is responsible for reviewing certain public disclosure documents prior to their approval by the full Board and release to the public including, among others, Dream Office REIT’s quarterly and annual financial statements and management’s discussion and analysis. The Audit Committee is also responsible for recommending to the Board the firm of chartered professional accountants to be nominated for appointment as the external auditor, and for approving the assignment of any non-audit work to be performed by the external auditor. The Audit Committee meets regularly in private session with Dream Office REIT’s external auditor and internal controls function, without management present, to discuss and review specific issues as appropriate. The Audit Committee met four times in 2017.

Applicable law and the Declaration of Trust require the Board to have an Audit Committee consisting of at least three trustees, each of whom must be independent and “financially literate”. At March 27, 2018, the Audit Committee was comprised of the following three trustees: Detlef Bierbaum, Joanne Ferstman (Chair) and Karine MacIndoe, each of whom is an Independent Trustee. The Board has determined that each of the members of the Audit Committee is “financially literate” within the meaning of NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee possesses considerable education and experience relevant to the performance of his responsibilities as an Audit Committee member.

Mr. Detlef Bierbaum is a corporate director with extensive experience in the banking and financial services industry. Prior to his retirement in March 2010, Mr. Bierbaum was a Member of the Supervisory Board with Bankhaus Sal. Oppenheim jr. & Cie and from 1991 to 2008, he held the position of Managing Partner with responsibility for asset management. In addition, from 2002 to 2008, he was also responsible for investment banking of Bankhaus Sal Oppenheim jr. & Cie. Prior to 1991, he was the Chief Financial Officer of the Nordstern Insurance Companies based in Cologne. He is a member of the Board of Directors of a number of companies in the asset management and banking sectors based in Germany, England, Luxembourg and the U.S. Mr. Bierbaum is a graduate of the Universities of Cologne and Munich where he studied commercial banking and business administration.

Ms. Joanne Ferstman is a corporate director. Over an 18 year period and until her retirement in June 2012, Ms. Ferstman held a variety of executive positions with the Dundee Group of Companies. Most recently, Ms. Ferstman was the President and Chief Executive Officer of Dundee Capital Markets Inc., a full service investment dealer with principal businesses including investment banking, institutional sales and trading and private client financial advisory. Prior to January 31, 2011, Ms. Ferstman was Vice-Chair and Head of Capital Markets of DundeeWealth Inc., a diversified wealth management company. Prior to 2009, Ms. Ferstman was Executive Vice President and Chief Financial Officer of Dundee Wealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. In these senior financial roles, Ms. Ferstman was actively involved in all corporate strategy, including acquisitions and financings, and was responsible for all public financial reporting. In addition, Ms. Ferstman regularly represented Dundee Corporation on investee company boards and audit committees across various sectors. Prior to joining the Dundee Group of Companies, Ms. Ferstman spent four years as Chief Financial Officer for a national securities firm and five years at a major international accounting firm. Ms. Ferstman earned a Bachelor of Commerce and a Graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant. Ms. Ferstman also sits on the board of trustees of Dream Office REIT.

Ms. Karine MacIndoe is a corporate director/trustee with over 20 years of professional experience, having most recently spent over ten years at BMO Capital Markets as a Managing Director and Senior Equity Research Analyst covering Real Estate/REITs. During her tenure at BMO she was consistently ranked as an all-star (top three) analyst in the Brendan Wood Canadian Equity Research Survey. Prior work experience also includes M&A Advisory at NM Rothschild & Sons, and management of sales planning at Canadian Airlines International. Ms. MacIndoe is also on the board and audit and compensation committee of Killam Apartment REIT, and has an MBA (Ivey Scholar) from the Richard Ivey School of Business with a Bachelor of Commerce (Honor Society) from the University of Calgary.

Pre-Approval Policies and Procedures

The Audit Committee Charter requires that all non-audit services to be provided to Dream Office REIT or any of its Subsidiaries by the external auditor or any of its affiliates are subject to pre-approval by the Audit Committee; however, the Audit Committee may delegate such responsibility to one or more of its members.

Auditor's Fees

The aggregate fees billed by PricewaterhouseCoopers LLP, Dream Office REIT's external auditor, or fees accrued by Dream Office REIT in 2017 and 2016 for professional services are presented below:

	Year ended December 31, 2017	Year ended December 31, 2016
Audit fees⁽¹⁾		
Audit of consolidated financial statements	\$ 402,900	\$ 448,700
Review of interim consolidated financial statements	97,500	131,200
Audit-related fees⁽²⁾		
Audit and review of Dream Office REIT's subsidiaries	278,450	368,660
Acquisition and disposition-related fees	94,000	135,000
Prospectus related fees	-	-
Tax fees⁽³⁾		
Tax fees (advisory and compliance)	141,750	68,260
All other fees⁽⁴⁾	-	-
Total	\$ 1,014,600	\$ 1,151,820

Notes:

- (1) "Audit fees" are aggregate fees relating to the audit and review of our consolidated financial statements.
- (2) "Audit-related fees" are aggregate fees billed by our external auditor in 2017 and 2016 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees" in the table above.
- (3) "Tax fees" include the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services.
- (4) "All other fees" are aggregate fees billed in 2017 and 2016 for products and services provided by our external auditor, other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees" in the table above.

Term of Office

Our trustees will be elected at each annual meeting of our unitholders for a term expiring at the conclusion of the next annual meeting or until their successors are elected or appointed and will be eligible for re-election. A trustee appointed by the trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting of our unitholders or until his or her successor is elected or appointed and will be eligible for election or re-election.

Our Declaration of Trust provides that a trustee may resign upon written notice to us and a trustee (other than a nominee of Dundee Corporation) may be removed with or without cause by a majority of the votes cast at a meeting of unitholders called for that purpose or with cause by two-thirds of the remaining trustees.

A vacancy occurring among our trustees may be filled by resolution of the remaining trustees, so long as they constitute a quorum, or by the unitholders at a meeting of the unitholders.

Independent Trustee Matters

In addition to requiring the approval of a majority of our trustees, the approval of at least a majority of our Independent Trustees who have no interest in the matter is required with respect to any decision:

- to make a material change to the Plan of Arrangement (as defined in the Declaration of Trust);
- to permit Dream Office LP to make a material change to any of the Master Property Management Agreement, the Asset Management Agreement, the Dream Office REIT Administrative Services Agreement or the Dream Office Management LP Limited Partnership Agreement, change the fees payable thereunder, if any, renew the Master Property Management Agreement, the Asset Management Agreement or the Dream Office REIT Administrative Services Agreement at the end of their respective terms, or appoint a substitute for Dream Office Management LP after the end of the term of the Master Property Management Agreement, or appoint a substitute for DAM after the end of the term of the Asset Management Agreement, or to permit any material change to the Governance Agreement, and any change to the provisions of such agreements relating to Independent Trustee approval shall be deemed to be such a material change;
- to enter into any agreement or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- relating to a claim by or against any Related Party;
- relating to a claim in which the interests of a Related Party differ from the interests of Dream Office REIT;
- to permit Dream Office LP to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- granting REIT Units under any unit incentive or unit compensation plan approved by the trustees and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the REIT Units or securities convertible into or exchangeable for REIT Units under any plan approved by the trustees and, if required, by the Unitholders;
- to approve or enforce any agreement entered into by Dream Office REIT or its Subsidiaries with a trustee who is not an Independent Trustee or an associate thereof, with a Related Party, or with Dream Office Management LP or any successor as property manager under the Master Property Management Agreement;
- recommending to the holders of the Units to increase the number of trustees serving on the Board of trustees or authorizing the trustees to change the number of trustees from time to time; and
- a change to the compensation of any officer or employee of Dream Office REIT.

Management of Dream Office REIT

The following table sets forth the name, province or state and country of residence and title of each current executive officer of Dream Office REIT:

<u>Name, Province or State and Country of Residence</u>	<u>Executive Officers of Dream Office REIT</u>
MICHAEL J. COOPER..... Ontario, Canada	Chief Executive Officer
RAJEEV VISWANATHAN Ontario, Canada	Chief Financial Officer

The services of additional personnel are provided by Dream Office Management LP, with the assistance of its wholly-owned Subsidiary, Dream Office Management, to support the executive officers of Dream Office REIT in fulfilling their duties. In addition, DAM provides certain additional services to Dream Office REIT pursuant to the Management Services Agreement. See “Real Estate Management and Advisory Services – Asset Management Agreement” and “Real Estate Management and Advisory Services – Management Services Agreement” below.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Corporate Cease Trade Orders and Bankruptcies

None of the trustees or executive officers of Dream Office REIT are, as at the date of this AIF, or have been within the 10 years before the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. None of the trustees or executive officers of Dream Office REIT are, and to the best of Dream Office REIT’s knowledge, no unitholder holding a sufficient number of the REIT’s securities to affect materially the control of Dream Office REIT is, or have been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Individual Bankruptcies

None of the trustees or executive officers of Dream Office REIT, and to the best of Dream Office REIT’s knowledge, no unitholder holding a sufficient number of the REIT’s securities to affect materially the control of Dream Office REIT, have, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

None of the trustees or executive officers of Dream Office REIT, and to the best of Dream Office REIT’s knowledge, no unitholder holding a sufficient number of the REIT’s securities to affect materially the control of Dream Office REIT, have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement

with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions similar to those applicable to corporations under section 132 of the OBCA which serve to protect unitholders without creating undue limitations on us. Given that our trustees and officers are engaged in a wide range of real estate and other business activities, our Declaration of Trust requires each of our trustees or officers to disclose to us if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a trustee: (i) at the first meeting of the trustees or the Investment Committee, as the case may be, at which a proposed contract or transaction is considered; (ii) if the trustee was not then interested in a proposed contract or transaction, at the first such meeting after a trustee becomes so interested; (iii) if the trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the trustee becomes so interested; or (iv) at the first meeting after an interested party becomes a trustee. Disclosure is required to be made by an officer as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the trustees, as soon as the officer becomes aware of his or her interest in a contract or transaction or, if not currently one of our officers, as soon as such person becomes one of our officers. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by our trustees or unitholders, that trustee or officer is required to disclose in writing to the trustees or request to have entered into the minutes of the meeting of the trustees the nature and extent of his or her interest forthwith after the trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as our trustee, officer, employee or agent or one for indemnity under the indemnity provisions of our Declaration of Trust or the purchase of liability insurance.

Our Declaration of Trust contains provisions to address potential conflicts of interest arising between us and any Related Party. In particular, our trustees are required to obtain a valuation in respect of any real property that Dream Office LP intends to purchase from or sell to a Related Party prepared by a valuator engaged by, and prepared under the supervision of, a committee of two or more Independent Trustees who have no interest in such transaction. In addition, Dream Office REIT will not permit Dream Office LP to effect a transaction with a Related Party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of our Independent Trustees who have no interest in such transaction.

Individual Non-Competition Agreements

The Declaration of Trust requires each of our trustees to enter into a non-competition agreement with us. The Individual Non-Competition Agreements provide that each of our trustees and officers and any personal holding company thereof will be prohibited from directly or indirectly acquiring an ownership interest in any real property which meets the investment criteria of Dream Office LP, unless such investment opportunity has first been offered to Dream Office LP in accordance with the terms of the Individual Non-Competition Agreement. The investment criteria of Dream Office LP are set out in its investment guidelines. See “Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP”.

The above investment restriction will only apply to real properties located in Canada and will not apply to investments in vacant land, residential housing, multi-residential housing units, residential condominium units, nursing homes or retirement homes. This investment restriction will not apply to any of our trustees

or officers, or any personal holding company thereof, with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment: (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in the trustee or officer, or a personal holding company thereof, acquiring a 10% or greater interest in the property, Dream Office LP will be offered the right to co-invest with the trustee or officer, or the personal holding company thereof, on an equal basis. Further, this investment restriction will not apply to: (i) passive real estate investments made by the trustee or officer, or a personal holding company thereof, which are each less than \$10 million and represent less than a 25% interest in the real property; (ii) investments in properties that do not meet the investment criteria of Dream Office LP, as set out in the Dream Office LP Limited Partnership Agreement; (iii) investments in any property that will be used personally for office space; (iv) investments in any property that will be used by the trustee or officer as his or her personal residence; (v) investments that were owned by the trustee or officer, or a personal holding company or an affiliate of a personal holding company thereof, on the date of the applicable Individual Non-Competition Agreement; (vi) investments made on behalf of fiduciary, managed or client accounts; (vii) investments that result from the realization of a loan secured by the property; and (viii) investments made by any personal holding company, or any of such company's affiliates, which are public companies or any subsidiaries or affiliates of such public companies (other than DAM and its direct subsidiaries).

The Individual Non-Competition Agreements provide that our trustees or officers will no longer be bound by their terms when such trustee or officer, as applicable, ceases to be one of our trustees or officers.

Governance of Dream Office REIT

Dream Office REIT's investment and operating activities are limited because our operating business is carried on by Dream Office LP, one of our Subsidiary entities. Dream Office LP holds direct and indirect interests in our commercial revenue producing properties, and carries out all of our property investment activities, as well as operating activities such as the leasing, developing and mortgaging of our properties. Dream Office General Partner is the general partner of Dream Office LP and, as such, directs the activities of Dream Office LP.

In order to govern certain aspects of the relationship between Dream Office REIT and Dream Office LP, Dream Office REIT entered into the Governance Agreement with Dream Office General Partner and Dundee Corporation. This agreement contains provisions governing, among other things, the election of the directors of Dream Office General Partner. In particular, pursuant to the Governance Agreement, Dream Office REIT will:

- appoint the board of directors of Dream Office General Partner and ensure that at all times up to one less than a majority of the directors of Dream Office General Partner shall be appointed in accordance with the recommendations of the Governance, Compensation and Environmental Committee of the Board; and
- ensure that at all times a majority of the directors of Dream Office General Partner are not trustees of Dream Office REIT.

In addition, Dream Office General Partner will not, without the approval of our trustees or any committee of our trustees, authorize the issuance of any units of Dream Office LP to any person, other than to Partnership A or Partnership B or to a holder of its LP B Units pursuant to the distribution reinvestment feature of the Dream Office LP Limited Partnership Agreement.

The Governance Agreement requires Dream Office General Partner to obtain the approval of our trustees in order to make any change to the distribution policy of Dream Office LP.

Pursuant to the Governance Agreement, Dream Office REIT will not transfer any of the shares of Dream Office General Partner without the approval of at least 66²/₃% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Governance Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at www.sedar.com.

REAL ESTATE MANAGEMENT AND ADVISORY SERVICES

Asset Management Agreement

On April 2, 2015, we completed the 2015 Reorganization of our management structure to better align our management structure with the interests of unitholders. As a result of the 2015 Reorganization, the annual asset management fee, acquisition fee, financing fee and capital expenditure fee payable by us under the Asset Management Agreement were eliminated. See “General Development of the Business – 2015 Reorganization”.

Management Services Agreement

In connection with the 2015 Reorganization, Dream Office REIT, DAM and Dream Office LP entered into the Management Services Agreement pursuant to which DAM continues to provide strategic advice to Dream Office REIT and, for as long as requested by Dream Office REIT, the services of a Chief Executive Officer on a cost recovery basis.

Pursuant to the Management Services Agreement, DAM, as the service provider (the “**Service Provider**”), has agreed to provide the following services to Dream Office REIT and Dream Office LP (collectively, the “**Client**”), subject to the overriding supervision and direction of our trustees and Dream Office General Partner, as applicable:

- (a) at the request of the Client, reviewing and providing the Client with recommendations regarding the asset business plan prepared by the Client for each Property (as defined in the Management Services Agreement) (the “**Asset Business Plans**”);
- (b) taking all steps reasonably required to assist the Client in the implementation of each Asset Business Plan, subject to the terms and provisions of the Management Services Agreement;
- (c) permitting the Client and the Client’s representatives, advisors and agents upon reasonable written notice, to examine the books of account, records, reports and other papers of the Service Provider relating to the costs incurred in providing services for the Client by the Service Provider under the Management Services Agreement, to make copies thereof or extracts therefrom or to have the same audited by an auditor appointed by the Client and at the expense of the Client; and the Service Provider shall cooperate to enable such persons to carry out their duties to the Client;
- (d) overseeing the preparation of annual budgets and the Asset Business Plans for presentation to our trustees for approval and monitoring the Client’s financial performance;
- (e) advising the Client with respect to its policies relating to the maintenance of the books and financial records of the Client and the preparation of reports and other disclosure documents for our trustees and unitholders;
- (f) advising our trustees on strategic matters relating to the Properties, potential financings, acquisitions, dispositions and development and REIT A Unit value maximization;
- (g) providing advice and assistance in connection with the Client’s raising of capital and issuance of securities, including representing the Client in its dealings with banks and other investment dealers, institutions and investors;

- (h) at the request of the Client, assisting the Client with its relationships with third parties, including joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- (i) assisting with the Client's investor relations activities;
- (j) assisting with the Client's regulatory compliance;
- (k) at the request of the Client, in respect of each capital project, providing advice with respect to:
 - (i) the quality and completeness of the design and construction documents;
 - (ii) the reasonableness of the project schedule;
 - (iii) the completeness and adequacy of the construction budget;
 - (iv) the existence and appropriateness of project control procedures;
 - (v) the engineering test data, soils reports, zoning approvals;
 - (vi) any recommended changes to the construction documents; and
- (l) making available an individual to serve as Chief Executive Officer of Dream Office REIT for as long as requested by Dream Office REIT.

DAM is entitled to receive an incentive fee payable upon termination of the Management Services Agreement equal to 15% of the amount by which (A) (i) our aggregate twelve month trailing AFFO (as defined in the Management Services Agreement), plus (ii) the net gain on the sale of any properties, exceeds (B) \$2.65 per REIT Unit (which \$2.65 amount is subject to anti-dilution adjustments in certain circumstance). The incentive fee under the Management Services Agreement is payable only once in respect of the final twelve months of the Management Services Agreement (taking into account the gain or loss on the sale of any properties during the term of the Management Services Agreement and the deemed sale of the balance of the properties on termination). For purposes of calculating the gain or loss on a deemed sale of the properties upon termination of the Management Services Agreement, the aggregate fair market value of the properties deemed to be sold shall be determined by independent valuers except in the case of certain "acquisition of control" transactions for which the fair market value of the properties of Dream Office REIT shall be derived from the enterprise value of the business of Dream Office REIT in accordance with the methodology set forth in the Management Services Agreement.

In addition, we reimburse the Service Provider for the costs and expenses of making available an individual to serve, for so long as requested by us, as Chief Executive Officer, provided that in calculating such costs and expenses, the salary, bonus and benefits of the individual serving as Chief Executive Officer attributable to service to Dream Office REIT shall not exceed 60% of such amounts payable by the Service Provider or its Subsidiary who is the employer of such individual unless otherwise agreed by us as a result of the individual being required to devote more than 60% of his or her time to the affairs of the Client. We also reimburse the Service Provider for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Service Provider in connection with the performance of the services described in the Management Services Agreement or such other services which we and the Service Provider agree in writing are to be provided from time to time by the Service Provider.

The Management Services Agreement may be terminated by Dream Office REIT at any time, may be terminated by DAM on or after the third anniversary of such agreement, or the second anniversary in certain circumstances, and will terminate automatically upon an "acquisition of control" of Dream Office REIT.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Management Services Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at www.sedar.com.

Property Management

As of the date of this AIF, all but two of the Properties are managed by Dream Office Management LP, a wholly-owned Subsidiary of Dream Office LP, with the assistance of its wholly-owned Subsidiary, Dream Office Management, and four of the Properties are co-owned.

The terms under which Dream Office Management LP manages the non-co-owned Properties are governed by the Master Property Management Agreement. The Master Property Management Agreement provides that Dream Office Management LP, with the prior approval of Dream Office LP, may delegate specific aspects of its obligations under the Master Property Management Agreement, provided that such delegation will not relieve Dream Office Management LP of its obligations under the Master Property Management Agreement. Dream Office Management LP has entered into a sub-management agreement with Dream Office Management pursuant to which Dream Office Management has agreed to assist Dream Office Management LP in carrying out the services required to be provided under the Master Property Management Agreement.

In addition to providing property management services to Dream Office LP, Dream Office Management LP also provides general administrative services to Dream Office REIT, Partnership A, Partnership B and Dream Office LP pursuant to the Dream Office REIT Administrative Services Agreement and to DAM and its affiliates pursuant to the DAM Administrative Services Agreement. Dream Office Management LP has entered into sub-administrative services agreements with Dream Office Management pursuant to which Dream Office Management has agreed to assist Dream Office Management LP in carrying out the services required to be provided under these administrative services agreements.

Shared Services and Cost Sharing Agreement

The Shared Services and Cost Sharing Agreement provides that DAM will provide services, such as legal and regulatory, tax advisory, acquisition, disposition and financing advisory and execution services, debt and treasurer financing strategy and execution services, communications, risk management, process improvements and branding, to us as agreed from time to time. DAM is reimbursed for its expenses in providing any agreed services.

License Agreement with Dream Technology Ventures LP

Prior to January 1, 2016, we were party to a non-exclusive, non-transferable, royalty-free license agreement with DAM relating to certain information technology owned by DAM and used by us in connection with the operation of our business (the “**Licensed Technology**”). On January 1, 2016, DAM transferred the Licensed Technology and its interest in its license agreement with us, to DTV LP and we contributed our interest in our license agreement with DAM to DTV LP in exchange for a limited partnership interest in DTV LP. Effective on the same date, we entered into a new non-exclusive, non-transferable license agreement (the “**New Licence Agreement**”) relating to the Licensed Technology with DTV LP, on similar terms as the previous license agreement with DAM. Under the New Licence Agreement, we pay an annual licencing fee based on our usage of the Licensed Technology. The limited partnership agreement of DTV LP provides for, among other things, the funding of costs relating to the Licensed Technology.

Dream Non-Competition Agreement

The Dream Non-Competition Agreement prohibits Dream, DAM and each of their respective subsidiaries from directly or indirectly acquiring an ownership interest in a Restricted Property (as defined in the Dream Non-Competition Agreement) unless such investment opportunity has first been offered to Dream Office LP in accordance with the terms of the Dream Non-Competition Agreement. See “Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP”.

The above investment restriction applies to a Restricted Property which is defined as a commercial office property located in Canada including any mixed use property where a substantial portion of the property

is used for commercial office purposes and any portfolio including such office properties, but does not include vacant land, residential housing, multi-residential housing units, residential condominium units, hotels (except to the extent that DAM intends to repurpose such hotel for use as an office building), retail shopping centres (except to the extent that DAM intends to repurpose such shopping centre for use as an office building), industrial properties (except to the extent that DAM intends to repurpose such industrial property for use as an office building), nursing homes or retirement homes. This investment restriction will not apply to Dream or its Subsidiaries with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in Dream or its Subsidiary acquiring a 10% or greater interest in the property, Dream Office LP will be offered the right to co-invest with Dream or its Subsidiary, as the case may be, on an equal basis. Further, this investment restriction will not apply to (i) passive real estate investments made by Dream or any Subsidiary which are each less than \$10 million and represent less than a 25% interest in the real property, (ii) *bona fide* investments in any property that will be used as office space primarily by Dream or any Subsidiary, (iii) investments that were already owned by Dream or any Subsidiary, (iv) *bona fide* investments made on behalf of fiduciary, managed or client accounts, and (v) *bona fide* investments that result from the realization of a loan secured by the property.

In addition, Dream Office LP has the first right to acquire a minimum 50% interest in any commercial office property (or interest in such property if the entire property is not available for purchase, and including mixed use properties where a substantial portion represents commercial office space) and portfolios of such properties in Canada identified by DAM or its subsidiaries for purchase, as principal, or which any client of DAM or any subsidiary intends to acquire, to the extent that DAM or any subsidiary can, acting in good faith, control or direct the opportunity to acquire such 50% interest.

The Dream Non-Competition Agreement provides that Dream and its Subsidiaries will no longer be bound by the terms of the Dream Non-Competition Agreement upon the termination of the Management Services Agreement (or 90 days following termination of the Management Services Agreement if terminated by notice from DAM) or in the case of a Subsidiary of Dream, when such person is no longer a Subsidiary of Dream.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Dream Non-Competition Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at www.sedar.com.

EMPLOYEES

As at December 31, 2017, Dream Office REIT and its Subsidiaries had approximately 231 employees.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Dream Office REIT's investment and operating activities are limited because our operating business is carried out by Dream Office LP. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our business exist at the Dream Office LP level and are set out below under the headings "Investment Guidelines and Operating Policies – Investment Guidelines of Dream Office LP" and "Investment Guidelines and Operating Policies – Operating Policies of Dream Office LP".

Investment Guidelines of Dream Office REIT

Pursuant to the Declaration of Trust, Dream Office REIT's assets may be invested only in accordance with the following investment guidelines:

- (a) Dream Office REIT will only invest in units and notes of Partnership A and Partnership B and shares of each of Dream Office General Partner and the general partners of Partnership A and

Partnership B, amounts receivable in respect of such units, notes and shares, cash and similar deposits in a Canadian chartered bank or trust company and, subject to certain limitations summarized in (b) below, such other investments as the trustees of Dream Office REIT deem advisable from time to time; and

- (b) Dream Office REIT will not make or permit a Subsidiary to make any investment that would result in:
 - (i) the REIT Units being disqualified for investment by Plans or RESPs;
 - (ii) Dream Office REIT being liable under the Tax Act to pay a tax imposed under either paragraph 122(1)(b) or Part XII.2 of the Tax Act; or
 - (iii) Dream Office REIT ceasing to qualify as a “mutual fund trust”, “real estate investment trust” or a “registered investment” for purposes of the Tax Act.

Pursuant to the Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66²/₃% of the votes cast at a meeting of unitholders of Dream Office REIT called for that purpose except for certain amendments that may be undertaken by a majority of the trustees of Dream Office REIT including a majority of the Independent Trustees pursuant to the Declaration of Trust.

Investment Guidelines of Dream Office LP

The Dream Office LP Limited Partnership Agreement provides for certain restrictions on investments which may be made by or on behalf of Dream Office LP. These investment guidelines are set out below.

- (a) Notwithstanding any other provision set out below, Dream Office LP shall not make any investment that would result in:
 - (i) REIT Units being disqualified for investment by Plans or RESPs;
 - (ii) Dream Office REIT, Partnership A or Partnership B being liable under the Tax Act to pay a tax imposed under paragraph 122(1)(b) of the Tax Act; or
 - (iii) Dream Office REIT ceasing to qualify as a “mutual fund trust”, a “registered investment” or a “real estate investment trust” for purposes of the Tax Act;
- (b) Dream Office LP shall not invest in or acquire securities of a Canadian real estate investment trust unless:
 - (i) the activities of the real estate investment trust are focused on acquiring, holding, maintaining, improving, leasing or managing primarily office and industrial revenue producing properties; and
 - (ii) in the case of any proposed investment or acquisition which would result in Dream Office LP owning beneficially more than 10% of the outstanding units of such real estate investment trust (the “**acquired trust**”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Dream Office LP and the acquired trust or for otherwise ensuring that Dream Office LP will control the business and operations of the acquired trust;
- (c) Dream Office LP shall not invest in raw land (except for the acquisition of properties adjacent to existing properties of Dream Office LP for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of the Adjusted Unitholders’ Equity of Dream Office REIT);

- (d) Dream Office LP may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by Dream Office REIT and secured by a mortgage on such property) up to 25% of the Adjusted Unitholders' Equity of Dream Office REIT in investments or transactions which do not comply with the investment guidelines of Dream Office LP, so long as the investment does not contravene (a) above;
- (e) Subject to the qualifications in (d) above, Dream Office LP shall only invest in office and industrial revenue producing properties located within Canada; and
- (f) Dream Office LP shall not invest in hotels or buildings with unsold residential condominium units except in cases where Dream Office LP is buying the entire condominium building.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Subsidiary wholly owned by Dream Office LP will be deemed to be those of Dream Office LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines set forth above or operating policies set forth below under “– Operating Policies of Dream Office LP” or any other material change to such agreement may be made without the approval of 66²/₃% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66²/₃% of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement without the approval of at least 66²/₃% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

Operating Policies of Dream Office REIT

The Declaration of Trust provides that our operations and affairs must be conducted in accordance with the following operating policies and that we will not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) (i) any written instrument creating an obligation which is or includes the granting by Dream Office REIT of a mortgage; or
- (ii) to the extent our trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the unitholders, any written instrument which in the judgment of our trustees is a material obligation;

must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the trustees, unitholders, annuitants or beneficiaries under a plan of which a unitholder acts as a trustee or carrier or officers, employees or agents of Dream Office REIT, but that only property of Dream Office REIT or a specific portion thereof will be bound;

- (b) Dream Office REIT will not underwrite, sell or market, or participate in the underwriting, selling or marketing of securities other than REIT Units and other securities of Dream Office REIT; and
- (c) Dream Office REIT will only guarantee the obligations of its wholly-owned Subsidiaries (other than Dream Office General Partner or any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT), provided that Dream Office REIT may guarantee the obligations of Dream Office LP or Dream Office General Partner, and any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT if Dream

Office REIT has received an unqualified legal opinion that Dream Office REIT's guarantee of the obligations of Dream Office LP or Dream Office General Partner and any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT, as the case may be, will not cause Dream Office REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act.

Pursuant to the Declaration of Trust, the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of unitholders of Dream Office REIT called for that purpose.

Operating Policies of Dream Office LP

The Dream Office LP Limited Partnership Agreement provides that the operations and affairs of Dream Office LP must be conducted in accordance with the following operating policies and that Dream Office LP will not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) Dream Office LP will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market rental in excess of 15% of the Adjusted Unitholders' Equity of Dream Office REIT; provided, however, that this limitation will not apply to the renewal of a lease or sublease existing on the effective date of the 2003 Reorganization;
- (b) Dream Office LP shall not enter into any transaction involving the purchase of lands or land and improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being leased by Dream Office LP to the vendor and its affiliates is in excess of 15% of the Adjusted Unitholders' Equity of Dream Office REIT;
- (c) the limitations referred to in paragraphs (a) and (b) will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:
 - (i) the Government of Canada, the Government of the United States, the Government of any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof;
 - (ii) any corporation which has securities outstanding that have received and continue to hold an investment grade rating from a recognized credit rating agency at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by Dream Office General Partner in its discretion) were entered into that is not less than A low or its equivalent; or
 - (iii) a Canadian chartered bank or a trust company or insurance company registered or licensed federally or under the laws of a province of Canada;
- (d) Dream Office LP may engage in construction or development of real property provided such real property is not a brownfield site and otherwise meets the investment guidelines and operating policies of Dream Office LP;
- (e) title to each real property shall be held by and registered in the name of Dream Office LP, Dream Office General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dream Office LP or jointly-owned, directly or indirectly, by Dream Office LP with joint venturers; provided that where land tenure will not provide fee simple title, Dream Office LP, Dream Office General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dream Office LP or jointly-owned, directly or indirectly, by Dream Office LP with

joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

- (f) Dream Office LP shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except guarantees of indebtedness existing on the effective date of the 2003 Reorganization and guarantees of indebtedness assumed or incurred by a partnership, limited partnership, co-ownership or other joint venture in which Dream Office LP or a Subsidiary of Dream Office LP is a party and the other party or parties thereto is or are required to give up its or their respective interest in the property of such partnership, limited partnership, co-ownership or other joint venture as a result of such party's failure to honour its proportionate share of the indebtedness assumed or incurred by the partnership, limited partnership, co-ownership or other joint venture. In addition, Dream Office LP will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so would contravene paragraph (a) of the investment guidelines of Dream Office LP as set forth above under "Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP";
- (g) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP will have conducted an engineering survey of each real property it intends to acquire with respect to the physical condition thereof, including required capital replacement programs;
- (h) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP will obtain and maintain at all times insurance coverage in respect of potential liabilities of Dream Office LP and the accidental loss of value of the assets of Dream Office LP from risks, in amounts, with such insurers, and on such terms as Dream Office General Partner considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (i) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP shall have conducted a Phase I environmental audit of each real property to be acquired by it, excluding properties where there is no requirement to obtain a Phase I environmental audit in order to obtain Canada Mortgage and Housing Corporation financing for the real property, and, if the Phase I environmental audit report recommends that further environmental audits be conducted, Dream Office LP shall have conducted such further environmental audits, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition shall be satisfactory to Dream Office General Partner; and
- (j) Dream Office LP will maintain a ratio of net income before non-controlling interest, interest expense, gain/(loss) on disposal of rental property, provision for impairment of rental property, depreciation, amortization and income taxes of Dream Office LP to interest expense under all indebtedness of Dream Office LP of no less than 1.4 times.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which Dream Office LP has an interest will be deemed to be those of Dream Office LP on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of $66\frac{2}{3}\%$ of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than $66\frac{2}{3}\%$ of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement without the approval of at least $66\frac{2}{3}\%$ of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

DISTRIBUTION POLICY

The following outlines the distribution policy of Dream Office REIT as contained in the Declaration of Trust, but is not intended to be a complete description. You should refer to the Declaration of Trust for the full text of our distribution policy. Our distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of unitholders of Dream Office REIT.

General

From April 2013 to our January 2016 distribution (paid on February 12, 2016), our cash distribution rate was \$0.18666 per REIT A Unit per month. From February 2016 to our June 2017 distribution (paid on July 15, 2017), our cash distribution rate was \$0.1250 per REIT A Unit per month. Our cash distribution rate since our July 2017 distribution (paid on August 15, 2017) has been \$0.08333 per REIT A Unit per month.

Holders of REIT A Units receive cash distributions from Dream Office REIT derived from Dream Office REIT's investment in Partnership A. Holders of REIT B Units receive cash distributions from Dream Office REIT derived from Dream Office REIT's investment in Partnership B. DAM holds part of its equity investment in our business in the form of LP B Units and receives cash distributions from Dream Office LP derived from the distributable income of Dream Office LP. See "Description of Dream Office LP — Distributions".

We make monthly cash distributions to holders of REIT A Units and holders of REIT B Units. The amount of each distribution is equal to one-twelfth of such percentage of Distributable Income and Distributable Series B Income on an annual basis as the trustees of Dream Office REIT in their sole discretion determine would be in the best interests of Dream Office REIT to distribute. See the definitions of "Distributable Income" and "Distributable Series B Income" in the Glossary of Terms in this AIF. Distributions in respect of a month are paid on or about each Distribution Date to unitholders of record as at the close of business on the corresponding Distribution Record Date. This means that the distribution for any month is generally paid to unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month.

Holders of LP B Units are entitled to receive distributions from Dream Office LP *pro rata* with distributions made by us on REIT A Units and REIT B Units. If our trustees determine that it would be in our best interests, they may reduce for any period the percentage of such Distributable Income and Distributable Series B Income to be distributed to the applicable unitholders, which will result in corresponding reduction in distributions on LP B Units. Dream Office LP declared distributions of \$0.183 per LP B Unit in each month from July 2003 to March 2013 and distributions of \$0.18666 per LP B Unit in each month since April 2013 to its January 2016 distribution (paid on February 12, 2016). Dream Office LP declared distributions of \$0.1250 per LP B Unit in each month from February 2016 to its June 2017 distribution (paid in July 2017). Our cash distribution rate since our July 2017 distribution (paid on August 15, 2017) has been \$0.08333 per LP B Unit per month.

In addition, on December 31 of each year, we will make payable to such unitholders, and such unitholders will have an enforceable right to payment on such date of, a distribution of sufficient net realized capital gains, net income, and net recapture income for the taxation year ending on that date, net of any capital losses or non-capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or before the following January 15th. Our trustees are required to take all necessary steps to ensure that the amount and timing of distributions on each REIT A Unit and REIT B Unit are the same. We also pay distributions on the Special Trust Units, although they are nominal.

Where our trustees determine that we do not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of our trustees, include the issuance of additional REIT A Units

and REIT B Units, as the case may be, or fractions of such REIT A Units and REIT B Units, as the case may be, if necessary, having a fair market value as determined by our trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by our trustees to be available for the payment of such distribution in the case of REIT A Units and REIT B Units, respectively. Notwithstanding the foregoing, distributions on the Special Trust Units will only be made in cash.

Unless our trustees determine otherwise, immediately after any *pro rata* distribution of additional units to holders of REIT A Units and REIT B Units, the number of the outstanding REIT A Units and REIT B Units, respectively, will automatically be consolidated such that each of such holders will hold after the consolidation the same number of REIT A Units and REIT B Units, respectively, as such holder held before the distribution of additional units. Each unit certificate representing the number of units prior to the distribution of additional units will be deemed to represent the same number of units after the non-cash distribution of additional units and the consolidation. In no case will REIT A Units be consolidated with REIT B Units or vice versa.

Notwithstanding the foregoing, where tax is required to be withheld from a unitholder's share of the distribution, the consolidation will result in such unitholder holding that number of units equal to (i) the number of units held by such unitholder prior to the distribution plus the number of units received by such unitholder in connection with the distribution (net of the number of whole and part units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of units outstanding prior to the distribution by the aggregate number of units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any unitholder. Such unitholder will be required to surrender the unit certificates, if any, representing such unitholder's original units, in exchange for a unit certificate representing such unitholder's post-consolidation units.

DRIP

We previously had a distribution reinvestment and unit purchase plan that entitled holders of REIT A Units and REIT B Units to reinvest all cash distributions made by us in additional REIT A Units. On February 18, 2016, as part of the Strategic Plan, we announced the suspension of our DRIP to eliminate dilution and to preserve unitholder value.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

Dream Office REIT has been established under the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, shall continue in full force and effect so long as any property of Dream Office REIT is held by our trustees. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the REIT Units. You should refer to the Declaration of Trust for the full text of its provisions and a complete description of the REIT Units.

The Declaration of Trust authorizes the issuance of an unlimited number of three classes of units: REIT units, Special Trust Units and Transition Fund Units. The REIT units are initially divided into and issuable in two series: REIT A Units and REIT B Units. The Special Trust Units may only be issued to holders of LP B Units and will not be transferable separately from LP B Units to which they relate, and will be used to provide voting rights with respect to Dream Office REIT to persons holding LP B Units. The Special Trust Units may only be transferred to permitted transferees of LP B Units. The Transition Fund Units were created, issued and redeemed exclusively in connection with the implementation of the change in the way we hold our indirect interest in Telus Tower in Calgary, Alberta and there are currently no Transition Fund Units outstanding. Dream Office REIT does not intend to issue any additional Transition Fund Units and, accordingly, we have not described the terms of such units in this AIF.

On December 16, 2004, the *Trust Beneficiaries' Liabilities Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default,

obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. Dream Office REIT is a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

REIT A Units and REIT B Units

Each REIT A Unit and REIT B Unit represents an undivided beneficial interest in Dream Office REIT and in distributions made by Dream Office REIT, whether of net income, net realized capital gains or other amounts and, in the event of our termination or winding up, in our net assets remaining after the satisfaction of all our liabilities. No REIT A Unit or REIT B Unit will have preference or priority over any other. The distribution entitlement of the REIT A Units and the REIT B Units is derived from different sources. In the case of the REIT A Units, the distribution entitlement is derived from the securities of Partnership A held by Dream Office REIT and, in the case of the REIT B Units, the distribution entitlement is derived from the securities of Partnership B held by Dream Office REIT. Notwithstanding the foregoing, our trustees will take all necessary steps to ensure that the timing, amount and nature of the distributions on the REIT A Units and the REIT B Units will be the same.

Each REIT A Unit and REIT B Unit entitles the holder thereof to one vote for each whole REIT A Unit or REIT B Unit, as the case may be, held at all meetings of unitholders of Dream Office REIT. Each REIT B Unit is convertible at any time at the option of the holder into one fully-paid and non-assessable REIT A Unit.

Issued and outstanding REIT Units may be subdivided or consolidated from time to time by our trustees with the approval of a majority of our unitholders. Unitholder approval will not be required for an automatic consolidation as described under “Distribution Policy”.

No certificates will be issued for fractional REIT Units and fractional REIT Units will not entitle the holders thereof to vote, except to the extent such fractional REIT Units represent in the aggregate one or more whole REIT Units. The REIT Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, Dream Office REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor intend to carry on the business of a trust company.

Special Trust Units

The Special Trust Units are not transferable separately from the LP B Units to which they relate. The Special Trust Units will automatically be transferred upon a transfer of the corresponding LP B Units. In addition, as LP B Units are surrendered for REIT B Units or otherwise exchanged by the holder, the corresponding Special Trust Units will be automatically redeemed by Dream Office REIT for a nominal amount and will be immediately cancelled. Each Special Trust Unit entitles the holder thereof to the number of votes at any meeting of unitholders which is equal to the number of REIT B Units which may be obtained upon the surrender of the LP B Unit to which the Special Trust Unit relates. Accordingly, holders of Special Trust Units are currently entitled to one vote for each Special Trust Unit held at all meetings of unitholders of Dream Office REIT. The Special Trust Units entitle the holders thereof to receive nominal amounts as distributions and upon the liquidation, dissolution or winding-up of Dream Office REIT, although the Special Trust Units rank equally and rateably without discrimination, preference or priority, with the REIT A Units and REIT B Units in respect of distributions and on the liquidation, dissolution or winding-up of Dream Office REIT. Holders of Special Trust Units are not entitled to receive a certificate evidencing ownership of such units.

Issuance of REIT Units

We may allot and issue new REIT Units from time to time as our trustees determine, including for cash, through public offerings, through rights offerings to existing unitholders (i.e., in which unitholders

receive rights to subscribe for new REIT Units in proportion to their existing holdings of REIT Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing unitholders). In certain instances, we may issue new REIT Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new REIT Units may be issued will be determined by our trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of REIT Units. We may issue new REIT B Units only pursuant to the terms of the Exchange and Support Agreement. See “Description of Dream Office LP — Partnership Units”. We may issue Special Trust Units only in tandem with LP B Units. Unitholders do not have any pre-emptive rights whereby additional REIT Units we propose to issue are first offered to existing unitholders.

Purchase of REIT Units

We may from time to time purchase for cancellation REIT A Units and REIT B Units at a price per REIT A Unit or REIT B Unit, as applicable, and on a basis determined by our trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

REIT Unit Redemption Right

REIT units are redeemable at any time on demand by the holders thereof by sending a notice to us at our head office in a form approved by our trustees and completed and executed in a manner satisfactory to our trustees, who may require supporting documentation as to identity, capacity or authority. A unitholder not otherwise holding a fully registered REIT Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from his or her investment dealer or other intermediary who will be required to deliver the completed redemption form to us. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to our trustees, a holder of REIT units shall cease to have any rights with respect to the tendered REIT units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice by us and the holder thereof shall be entitled to receive a price per REIT unit (the “**Redemption Price**”) of a series equal to the lesser of:

- (a) 90% of the “market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the trading day prior to the day on which the REIT units of such series were surrendered to us for redemption (the “**Redemption Date**”); and
- (b) 100% of the “closing market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the Redemption Date.

For the purposes of this calculation, the “market price” in respect of REIT units of a series shall be an amount equal to the 20-day weighted average of the closing price of the REIT units of such series for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the REIT units of such series traded on a particular day, the “market price” shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the “market price” shall be the weighted average of the following prices established for each of the 20 trading days: (i) the weighted average of the last bid and last asking prices of the REIT units of such series for each day on which there was no trading; (ii) the closing price of the REIT units of such series for each day on which there was trading if the exchange or market provides a closing price; and (iii) the weighted average of the highest and lowest prices of the REIT units of such series for each day that there was trading if the exchange or market does not provide a closing price but provides only the highest and lowest prices of the REIT units of such series traded on a particular day.

If a unitholder is not entitled to receive cash upon redemption of REIT units as a result of the limitations in (b) or (c) below, the Redemption Price will be equal to the fair market value of the REIT units as determined by our trustees.

The “closing market price” in respect of REIT units of a series shall be (i) an amount equal to the closing price of the REIT units of such series if there was a trade on the date and the exchange or market provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of the REIT units of such series if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of the REIT units of such series traded on a particular day; or (iii) the weighted average of the last bid and last asking prices of the REIT units of such series if there was no trading on that date.

For the purposes of determining the Redemption Price for any REIT B Units tendered for redemption where the REIT B Units are not listed for trading on any stock exchange or market, the foregoing rules for determining the Redemption Price for the REIT units will be modified and, in particular, the Redemption Price for the REIT B Units will be based upon the relevant price (the market price or closing market price, as the case may be) of the REIT A Units.

The aggregate Redemption Price payable by us in respect of any REIT units tendered for redemption during any calendar month will be satisfied by way of a cheque drawn on a Canadian chartered bank or a trust company in Canadian funds, payable no later than the last day of the calendar month following the month in which the REIT units were tendered for redemption, provided that the entitlement of unitholders to receive cash upon the redemption of their REIT units is subject to the limitations that:

- (a) the total amount payable by us in respect of such REIT units and all other REIT units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that our trustees may, in their sole discretion, waive such limitation in respect of all REIT units tendered for redemption in any particular calendar month;
- (b) at the time such REIT units are tendered for redemption, the outstanding REIT units of the applicable series (or, in the case of REIT B Units where that series is not listed, the REIT A Units) shall be listed for trading or quoted on a stock exchange or market which our trustees consider, in their sole discretion, provides representative fair market value prices for the REIT units of such series; and
- (c) the normal trading of outstanding REIT units of the applicable series (or, in the case of REIT B Units where that series is not listed, the REIT A Units) is not suspended or halted on any stock exchange on which the REIT units of such series are listed (or, if not listed on a stock exchange, on any market on which the REIT units of such series are quoted for trading) on the Redemption Date for the REIT units of such series or for more than five trading days during the ten day trading period commencing immediately after the Redemption Date for the REIT units of such series.

The payment of the Redemption Price in cash in respect of REIT A Units and REIT B Units will be derived from different sources. In the case of REIT A Units, the payment of the Redemption Price in cash will be satisfied solely from the bank account maintained for the benefit of holders of REIT A Units. The payment of the Redemption Price for REIT B Units will be satisfied solely from the bank account maintained for the benefit of holders of REIT B Units.

If a unitholder is not entitled to receive cash upon the redemption of REIT units as a result of the foregoing limitations in (b) and (c) above, then each REIT unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution *in specie* of Subsidiary Securities. The fair market value of such Subsidiary Securities would be equal to the product of the Redemption Price per unit payable by us and the number of REIT A Units tendered. However, no Subsidiary Securities with a fair market value of less than \$100 will be distributed and, where the fair

market value of Subsidiary Securities to be received by the former holder of REIT A Units upon redemption *in specie* would otherwise include a Subsidiary Security with a fair market value of less than a multiple of \$100, such amount will be rounded down to the next lowest multiple of \$100 and the excess will be paid in cash.

If a unitholder is not entitled to receive cash upon the redemption of REIT units as a result of the limitation in (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with our Declaration of Trust.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of REIT units to dispose of their REIT units. Subsidiary Securities which may be distributed to unitholders *in specie* in connection with a redemption will not be listed on any stock exchange, no market is expected to develop and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. The Subsidiary Securities so distributed may not be qualified investments for Plans or RESPs, depending upon the circumstances at the time.

Special Trust Units are redeemable for a nominal amount in the event of the surrender, exchange or sale to Dream Office REIT of the related LP B Units.

Meetings of Unitholders

Our Declaration of Trust provides that meetings of unitholders must be called and held for the election or removal of trustees, the appointment or removal of our auditor, the approval of amendments to our Declaration of Trust (except as described below under “Declaration of Trust and Description of REIT Units — Amendments to the Declaration of Trust and Other Documents”), the sale of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by our trustees) and our termination. Meetings of unitholders will be called and held annually within 180 days after the end of the fiscal year for the election of our trustees and appointment of the auditor of Dream Office REIT, Partnership A, Partnership B and Dream Office LP.

Our trustees have the power at any time to call special meetings of unitholders at such time and place in Canada as our trustees determine. Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) may requisition our trustees in writing to call a special meeting of unitholders and our trustees shall, subject to certain limitations, call a meeting of unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Canada Business Corporations Act*.

Unitholders may attend and vote at all meetings of the unitholders either in person or by proxy and a proxyholder need not be a unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) shall constitute a quorum for the transaction of business at all such meetings. In the case of a meeting of the holders of a series of REIT A Units, a quorum shall consist of unitholders who hold in the aggregate at least 10% of the votes attaching to all outstanding REIT Units of such series. If no quorum is present at any meeting of unitholders when called, the meeting, if convened on the requisition of unitholders, will be dissolved and otherwise will be adjourned for not less than 10 days, and at the adjourned meeting, the unitholders then present in person or represented by proxy will form the necessary quorum.

Our Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of unitholders.

Limitation on Non-Resident Ownership

In order for Dream Office REIT to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, our Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the REIT units or 49% of the Special Trust Units then outstanding. Our trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units are resident or declarations from unitholders as to whether such REIT Units are held for the benefit of Non-Residents. We monitor ownership of REIT units which are held by non-residents by periodically obtaining and reviewing unit ownership reports from our transfer agent or other service providers.

If our trustees become aware that the beneficial owners of more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, our trustees may make a public announcement thereof and shall not accept a subscription for REIT Units from or issue or register a transfer of REIT Units to a person unless the person provides a declaration that he or she is not a Non-Resident and does not hold his or her REIT Units for the benefit of a Non-Resident. If, notwithstanding the foregoing, our trustees determine that more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are beneficially owned by Non-Residents, our trustees may send a notice to Non-Resident holders of REIT Units and holders of REIT Units for the benefit of Non-Residents, chosen in inverse order to the order of acquisition or registration or in such other manner as our trustees may consider equitable and practicable, requiring them to sell or redeem, within a specified period of not more than 60 days, all or a portion of their REIT Units. If the holders of REIT Units receiving such notice have not sold or redeemed the specified number of REIT Units or provided our trustees with satisfactory evidence that they are not Non-Residents and do not hold their REIT Units for the benefit of a Non-Resident within such period, our trustees may, on behalf of such holder of REIT Units, and shall have the power of attorney of such holder to, sell or redeem such REIT Units, and, in the interim, the voting and distribution rights attached to such REIT Units shall be suspended. Upon such sale or redemption, the affected holders shall cease to be holders of the REIT Units and their rights shall be limited to receiving the net proceeds of such sale upon surrender of the certificates representing such REIT Units.

Amendments to the Declaration of Trust and Other Documents

Our Declaration of Trust may be amended or altered from time to time. Certain amendments (including our termination) require approval by at least $66\frac{2}{3}\%$ of the votes cast at a meeting of unitholders called for such purpose. Other amendments to our Declaration of Trust require approval by a majority of the votes cast at a meeting of the unitholders called for such purpose.

The following amendments require the approval of at least $66\frac{2}{3}\%$ of the votes cast by the unitholders at a meeting called for that purpose:

- (a) an exchange, reclassification or cancellation of all or part of the REIT Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units, including, without limiting the generality of the foregoing,
 - (i) the removal or change of rights to distributions; or
 - (ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to certain of the REIT Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the REIT Units.

In addition, the Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement, the limited partnership agreements governing Partnership A and Partnership B or the Exchange and Support Agreement without the approval of at least 66²/₃% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose. However, no unitholder approval will be required to approve any change to the Dream Office LP Limited Partnership Agreement for the purposes of providing a distribution reinvestment entitlement to holders of LP B Units that is substantially equivalent to that provided by the DRIP to holders of REIT A Units.

A majority of our trustees, including a majority of the Independent Trustees, may, without the approval of the unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) our trustees or Dream Office REIT; (ii) the status of Dream Office REIT as a “mutual fund trust”, “unit trust”, “real estate investment trust” and a “registered investment” under the Tax Act; or (iii) the distribution of REIT Units;
- (b) which, in the opinion of our trustees, acting reasonably, are necessary to maintain the rights of the unitholders set out in our Declaration of Trust;
- (c) to remove any conflicts or inconsistencies in our Declaration of Trust or to make minor corrections which are, in the opinion of our trustees, necessary or desirable and not prejudicial to the unitholders;
- (d) which, in the opinion of our trustees, are necessary or desirable as a result of changes in taxation or other laws or the administration or enforcement thereof;
- (e) for any purpose (except one in respect of which a unitholder vote is specifically otherwise required) which, in the opinion of our trustees, is not prejudicial to unitholders and is necessary or desirable;
- (f) deemed necessary or desirable to ensure that Dream Office REIT has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; and
- (g) to implement a distribution reinvestment plan or any amendments to such plan.

Effect of Termination

Upon our termination, our liabilities shall be discharged forthwith, our net assets shall be liquidated and the proceeds of such liquidation shall be distributed to our unitholders. Such distribution may be made in cash, as a distribution in kind, or both, all as our trustees in their sole discretion may determine. Subject to applicable law, each holder of a REIT A Unit will be entitled to receive an amount per REIT A Unit equal to the holder’s *pro rata* share of our assets derived from Partnership A. Each holder of a REIT B Unit will be entitled to receive an amount per REIT B Unit equal to the holder’s *pro rata* share of our assets derived from Partnership B. Each holder of a Special Trust Unit will be entitled to receive a nominal amount upon liquidation. On our termination, our trustees will be required to take all reasonable steps to ensure that the amount and timing of any distribution in respect of each REIT A Unit and REIT B Unit are the same.

Pursuant to our Declaration of Trust, the termination of Dream Office REIT, other than on the expiry of its term, requires approval by at least 66²/₃% of the votes cast at a meeting of the unitholders called for that purpose.

Take-Over Bids

Our Declaration of Trust contains provisions to the effect that if a take-over bid, as defined under the *Securities Act* (Ontario), is made for the REIT Units and not less than 90% of the REIT Units (including REIT Units issuable upon the surrender or exchange of any securities for REIT Units but not including any REIT Units held at the date of the take-over bid by or on behalf of the offeror or affiliates and associates of the offeror) have been or are legally required to be taken up and paid for by the offeror, the offeror will be entitled to acquire the REIT Units held by the remaining unitholders who did not accept the take-over bid by requiring such unitholders to elect (a) to transfer their REIT Units to the offeror on the terms on which the offeror acquired the REIT Units of the offerees who accepted the take-over bid or (b) to demand payment of the fair value of the REIT Units.

In addition, as required by the TSX, holders of REIT A Units have certain protections in the event a take-over bid is made for LP B Units and/or REIT B Units. These protections are contained in our Declaration of Trust and the Dream Office LP Limited Partnership Agreement. They provide that, for the purposes of the take-over bid provisions of the *Securities Act* (Ontario), an acquisition of LP B Units and/or REIT B Units (other than a treasury issuance) by a person other than Dundee Corporation or any of its affiliates, or the initial holder thereof, will be considered an acquisition of REIT A Units, and, in order for any transfer of such units by any person to be effective: (a) an acquiror of such units must comply with the provisions of Part XX of the *Securities Act* (Ontario) as if such units were REIT A Units, to the extent such provisions are applicable; and (b) the transfer will be subject to the prior approval of the TSX if the transfer would, under applicable securities legislation, have required the same offer or a follow-up offer to be made to holders of REIT A Units if the transfer had been of REIT A Units rather than LP B Units or REIT B Units.

The terms of our Declaration of Trust and the Dream Office LP Limited Partnership Agreement would permit sales of LP B Units and/or REIT B Units to be made on a basis which is exempt from the take-over bid rules as, in such circumstances, the protections referred to in the preceding paragraph would not be available under applicable legislation.

Information and Reports

We will furnish, in accordance with and subject to applicable securities legislation, to unitholders our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of unitholders, our trustees will provide the unitholders (along with notice of such meeting) all such information as is required by applicable law and our Declaration of Trust to be provided to such holders.

DESCRIPTION OF DEBENTURES

The following is a summary of the material attributes and characteristics of the Series A Debentures and the Series C Debentures. This summary does not contain all of the terms and conditions of the various trust indentures and supplemental indentures governing such Debentures. As a result, this summary does not purport to be complete and is subject to, and qualified in its entirety by the terms of the Trust Indenture and Series Supplemental Indentures, which are referred to below. You should refer to the Trust Indenture and Series Supplemental Indentures for complete descriptions of the Debentures.

Description of the Series A Debentures and the Series C Debentures

Defined Terms

In this description of the Series A Debentures and the Series C Debentures, the following terms have the meanings set forth below.

“Adjusted Unitholders’ Equity” at any time, means the sum of the following items, calculated without duplication: (a) equity of Dream Office REIT; (b) Subsidiary Redeemable Units; and (c) Deferred Unit Incentive Plan, each as shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet, calculated as at the date of such consolidated balance sheet in accordance with GAAP and adjusted, as and to the extent applicable, to include Proportionate Consolidation Adjustments and to remove the following items, without duplication, as shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet: (aa) accumulated depreciation and amortization; (bb) accumulated fair value of financial derivative instruments that are held for economic hedging purposes; (cc) deferred income tax assets and liabilities; (dd) the cumulative effect of any other adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (ee) any Proportionate Consolidation Adjustments that correspond to items (aa) through (dd);

“Affiliate” has the meaning ascribed to that term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended, or any successor instrument;

“Aggregate Adjusted Assets” as at any date means the Aggregate Assets as of the relevant Calculation Reference Date, provided that the component amount thereof that would otherwise comprise the amount shown on the consolidated balance sheet as “Investment properties” (and/or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of Dream Office REIT’s assets that would comprise “Investment properties” (and/or its equivalent) as at such date, using the investment properties valuation methodology described by Dream Office REIT in its then most recently published annual or interim consolidated financial statements or management’s discussion and analysis, applied consistently in accordance with past practice;

“Aggregate Assets” of Dream Office REIT as of any date means the total assets as shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet, calculated as at the date of such consolidated balance sheet in accordance with GAAP and adjusted, as and to the extent applicable to include Proportionate Consolidation Adjustments and to remove the following items, without duplication, shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet: (a) deferred income tax assets; (b) accumulated depreciation and amortization; (c) accumulated fair value of financial derivative assets that are held for economic hedging purposes; (d) goodwill; (e) the cumulative effect of any other adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (f) any Proportionate Consolidation Adjustments which correspond to items (a) through (e);

“Approved Rating Organization” means any one of DBRS, Fitch Ratings Inc., Moody’s Canada Inc., S&P and any of the Persons providing ratings under such business names, or their successors, and any other rating organization commonly used for the purpose of rating publicly offered Canadian debt securities;

“Business Day” means any day, other than Saturday, Sunday, any statutory holiday in Toronto, Ontario or any day on which the Indenture Trustee is closed for business in Toronto, Ontario;

“Calculation Reference Date” means, with respect to any date, the last day of the most recently completed fiscal quarter of Dream Office REIT;

“Canada Yield Price” means a price equal to the price of a Debenture calculated to provide a yield to maturity, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated on the date on which Dream Office REIT gives notice of redemption of such Debenture pursuant to the applicable Series Supplemental Indenture plus 0.475%, in the case of the Series A Debentures, or plus 0.525%, in the case of the Series C Debentures;

“Capitalization Factor” of Dream Office REIT means, as at the relevant Calculation Reference Date, the amount determined as the simple average of the weighted average capitalization rate published by Dream Office REIT in reference to the calculation of the fair value of its investment properties in Dream Office REIT’s annual or interim consolidated financial statements or management’s discussion and analysis published for each of the eight most recently completed fiscal quarters (including the fiscal quarter in which the relevant Calculation Reference Date occurs);

“Change of Control” means the acquisition by a Person, who is not an Affiliate of Dream Office REIT, or group of such Persons acting jointly and in concert, of Units (and/or securities convertible into Units) representing (on a diluted basis, but only giving effect to the conversion or exercise of convertible securities held by such Person or group of Persons) greater than 50% of the Units;

“Consolidated EBITDA” of Dream Office REIT for any period means Consolidated Net Income adjusted to exclude, to the extent included in the determination of Consolidated Net Income, the sum of the following items, calculated without duplication: (a) interest expense included in Consolidated Net Income (also excluding, for greater certainty, distributions on Subsidiary Redeemable Units that are presented as interest expense in Consolidated Net Income); (b) any gain or loss attributable to the sale or other disposition of some or all of any assets or liabilities of Dream Office REIT, including dilution gains or losses; (c) fair value adjustments to investment properties as shown on Dream Office REIT’s consolidated income statement; (d) acquisition related costs, net; (e) debt settlement and other costs, net; (f) depreciation and amortization; (g) fair value adjustments to financial instruments that are held for economic hedging purposes; (h) fair value adjustments to Subsidiary Redeemable Units and Deferred Unit Incentive Plan; (i) any extraordinary gains or losses; (j) non-recurring items; (k) non-cash items impacting Consolidated Net Income, including adjustments resulting from a change in accounting principles in determining Consolidated Net Income for such period; (l) Consolidated Income Tax Expense for such period; and (m) any Proportionate Consolidation Adjustments which correspond to items (a) through (l);

“Consolidated Income Tax Expense” of Dream Office REIT for any period means the income tax expense of Dream Office REIT for such period, determined on a consolidated basis in accordance with GAAP, adjusted to include Proportionate Consolidation Adjustments, if any;

“Consolidated Indebtedness” of Dream Office REIT as at any date means the consolidated Indebtedness of Dream Office REIT as at such date determined, except as otherwise expressly provided in the Trust Indenture, in accordance with GAAP;

“Consolidated Interest Expense” of Dream Office REIT for any period means the aggregate amount of interest expense of Dream Office REIT, adjusted, in all cases, for any Proportionate Consolidation Adjustments, in respect of Consolidated Indebtedness, Finance Lease Obligations, the original issue discount of any Consolidated Indebtedness issued at a price less than the face amount thereof paid, accrued or scheduled to be paid or accrued by Dream Office REIT during such period and, to the extent interest has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized (including any Proportionate Consolidation Adjustments), all as determined on a consolidated basis in accordance with GAAP (provided that, notwithstanding its presentation under GAAP, all interest expense of Dream Office REIT in respect of convertible debenture Indebtedness will be included at the face rate of interest if paid or payable in cash (without duplication), and excluded if paid or payable in Units (where such payment in Units has been publicly disclosed by

Dream Office REIT), and will include the amortization of financing costs, in determining Consolidated Interest Expense);

“Consolidated Net Income” of Dream Office REIT for any period means the net income (loss) of Dream Office REIT for such period determined on a consolidated basis in accordance with GAAP as shown on Dream Office REIT’s most recently published annual or interim consolidated income statement, adjusted to include Proportionate Consolidation Adjustments, if any;

“Debentureholders” means the Persons for the time being entered in the register of the Trust as registered holders of Debt Securities (including Debentures) payable to a named payee or any transferees of such Persons by endorsement or delivery and the Persons for the time being in possession of those Debt Securities which are in bearer form;

“Debt Securities” means the unsecured debt securities of Dream Office REIT issued and certified from time to time pursuant to the Trust Indenture, either in registered form, unregistered form or registered as to principal only and includes for greater certainty the Debentures;

“Downgraded” means a downgrade in Rating or the withdrawal of any Rating on the Debt Securities of any series;

“Extraordinary Resolution” means, for any series of Debt Securities, a resolution passed as an Extraordinary Resolution by the affirmative votes of the holders of not less than $66\frac{2}{3}\%$, or in the case set forth in the Trust Indenture (see “– Modification and Waiver” below), 75%, of the outstanding aggregate principal amount of Debt Securities of such series represented and voting on a poll at a meeting of Debentureholders duly convened and held in accordance with the provisions of the Trust Indenture, or an instrument in writing signed in accordance with the Trust Indenture;

“Finance Lease Obligation” of any Person means the obligation of such Person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such Person in accordance with GAAP;

“GAAP” means, as at any date of determination, generally accepted accounting principles in effect in Canada as of the date of the Trust Indenture that are applicable to Dream Office REIT;

“Government of Canada Yield” on any date means the yield to maturity on such date, calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to maturity, calculated as of the redemption date of the Series A Debentures or the Series C Debentures, as applicable, such yield to maturity being the average of the yields provided by two major Canadian investment dealers selected by Dream Office REIT.

“Indebtedness” of any Person means, without duplication: (a) any obligation of such Person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP); (b) any obligation of such Person incurred in connection with the acquisition of property, assets or businesses; (c) any obligation of such Person issued or assumed as the deferred purchase price of property; (d) any Finance Lease Obligation of such Person; and (e) any obligations of the type referred to in clauses (a) through (d) of another Person, the payment of which such Person has guaranteed or for which such Person is responsible or liable; provided that, for the purpose of items (a) through (e) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of Dream Office REIT in accordance with GAAP. Obligations referred to in items (a) through (c) exclude the following items, calculated without duplication: (aa) Subsidiary Redeemable Units; (bb) Deferred Unit Incentive Plan; (cc) other financial derivative instruments that are held for economic

hedging purposes; (dd) trade accounts payable; (ee) distributions payable to Unitholders (including, for greater certainty, distributions payable on Subsidiary Redeemable Units that are included in accrued interest payable); (ff) accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith; (gg) deferred revenues; (hh) intangible liabilities; (ii) deferred income taxes; and (jj) indebtedness with respect to the unpaid balance of installment receipts, where such indebtedness has a term not in excess of 12 months, all of which will be deemed not to be Indebtedness for the purpose of this definition. Furthermore, obligations referred to in items (a) through (e) shall be adjusted, as and to the extent applicable, for (aaa) any further adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (bbb) Proportionate Consolidation Adjustments, if any;

“Indenture Trustee” means Computershare Trust Company of Canada in its capacity as trustee under the Trust Indenture and its successors and permitted assigns in such capacity;

“Joint Venture Arrangements” means any real estate asset or operation in which Dream Office REIT participates, directly or indirectly, where Dream Office REIT does not own, directly or indirectly, 100% of the equity interests in such asset or operation and that is not consolidated or proportionately consolidated under GAAP in the financial statements of Dream Office REIT or in Dream Office REIT’s most recently published management’s discussion and analysis, but excluding: (a) Dream Industrial REIT so long as it is not consolidated or proportionately consolidated for accounting purposes; and (b) any such individual real estate asset or operation where Dream Office REIT’s investment in such asset or operation is less than 1% of consolidated assets as shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet. The real estate assets or operations excluded by item (b) shall not exceed, in the aggregate, 3% of consolidated assets as shown on Dream Office REIT’s most recently published annual or interim consolidated balance sheet;

“Material Subsidiary” at any date means any Subsidiary which constitutes more than 10% of Adjusted Unitholders’ Equity calculated as at such date;

“Maturity Date” means, for the Series A Debentures, June 13, 2018; and for the Series C Debentures, January 21, 2020;

“Non-Recourse Indebtedness” means any Indebtedness of a Subsidiary of Dream Office REIT which is a single purpose company or any Subsidiary of Dream Office REIT whose principal assets and business are constituted by a particular property and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such property with recourse for such payment being available only to the revenues or the assets of such single purpose company or such property;

“Person” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“Proportionate Consolidation Adjustments” means adjustments, if necessary, to assets, liabilities, equity, revenues, expenses and other financial statement elements for Joint Venture Arrangements to apply the proportionate consolidation method of accounting irrespective of, and in place of, the accounting method applied under GAAP;

“Rating” means the final rating, if any, assigned to the senior unsecured debt of a Person or to such Person, as applicable, by an Approved Rating Organization;

“Real Estate Business” means the business of investing funds in, and of acquiring, holding, financing, maintaining, improving, leasing or developing, real property;

“Reference Period” means the most recently completed four fiscal quarters for which consolidated financial statements of Dream Office REIT have been publicly released preceding the date of a calculation pursuant to the applicable Series Supplemental Indenture;

“Series Supplemental Indentures” means, collectively, the first supplemental indenture to the Trust Indenture dated June 13, 2013 and the third supplemental indenture to the Trust Indenture dated January 21, 2014, each between Dream Office REIT and the Indenture Trustee, providing for the issuance of the Series A Debentures and the Series C Debentures, respectively; and a reference to a particular **“Series Supplemental Indenture”** means the supplemental indenture relating to the relevant series of Debentures, as the context requires;

“Subsidiary” has the meaning ascribed to that term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended, or any successor instrument;

“Subsidiary Redeemable Units” means the LP Class B Units, Series 1 of Dream Office LP that are referred to as subsidiary redeemable units, as presented as a liability in accordance with GAAP on the consolidated balance sheet of Dream Office REIT; and

“Trust Indenture” means the trust indenture dated as of June 13, 2013 between Dream Office REIT and the Indenture Trustee providing for the issuance of Debt Securities, as it may be amended or supplemented from time to time, including pursuant to the Series Supplemental Indentures.

Series A Debentures

The Series A Debentures are issued in \$1,000 denominations and are unlimited as to principal amount. The Series A Debentures that have been issued are limited to \$175 million aggregate principal amount and are dated June 13, 2013. The Series A Debentures bear interest at the rate of 3.424% per annum, payable in equal semi-annual instalments on June 13 and December 13 in each year, and will mature on the Maturity Date. As at December 31, 2017, \$140.8 million aggregate principal amount of Series A Debentures were outstanding.

Series C Debentures

The Series C Debentures are issued in \$1,000 denominations and are unlimited as to principal amount. The Series C Debentures that have been issued are limited to \$150 million aggregate principal amount and are dated January 21, 2014. The Series C Debentures bear interest at the rate of 4.074% per annum, payable in equal semi-annual instalments on July 21 and January 21 in each year, with the first payment of interest due on July 21, 2014, and will mature on the Maturity Date. As at December 31, 2017, \$150 million aggregate principal amount of Series C Debentures were outstanding.

Rank

The Debentures are direct senior unsecured obligations of Dream Office REIT and rank equally and rateably with one another and with all other Debt Securities and with all other present and future unsecured and unsubordinated Indebtedness of Dream Office REIT, except for sinking fund provisions (if any) applicable to other Debt Securities or to other similar types of obligations of Dream Office REIT, except to the extent prescribed by law.

Guarantee

The Debentures are guaranteed by Dream Office LP. In the case of default by Dream Office REIT, the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from Dream Office LP for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of Dream Office REIT. This guarantee is intended to address structural subordination, which arises as a consequence of Dream Office REIT’s assets being primarily held, directly or indirectly, by Dream Office LP. If Dream Office LP or any other future guarantor is not a resident of Canada (within

the meaning of the Tax Act), that guarantor may be released from its guarantee in certain circumstances as set out in the applicable guarantee. See “Risk Factors”.

Redemption by Dream Office REIT

At Dream Office REIT’s option, Dream Office REIT may redeem the Series A Debentures and the Series C Debentures at any time, in whole or in part, on payment of a redemption price equal to the greater of (i) the Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption (less any taxes required by law to be deducted or withheld). Dream Office REIT will give notice of redemption at least 30 days but not more than 60 days before the date fixed for redemption. Where less than all of the Series A Debentures or the Series C Debentures, as the case may be, are to be redeemed pursuant to their terms, such Debentures to be so redeemed will be redeemed on a *pro rata* basis according to the principal amount of such Debentures registered in the respective name of each Debentureholder or in such other manner as the Indenture Trustee may consider equitable, provided that such selection will be proportionate.

Purchase of Debentures

Provided no event of default under the Trust Indenture has occurred and is continuing, Dream Office REIT may, at any time and from time to time, purchase Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on or being a participating organization with respect to a recognized stock exchange) or by tender or private contract at any price. Debentures that are so purchased will be cancelled and will not be reissued or resold.

Certain Covenants in the Series Supplemental Indentures

Each of the Series Supplemental Indentures contains covenants substantially to the following effect:

Consolidated EBITDA to Consolidated Interest Expense Ratio

Dream Office REIT will maintain at all times a ratio, calculated for each Reference Period, of Consolidated EBITDA (to be calculated on a *pro forma* basis in accordance with the Series Supplemental Indentures) to Consolidated Interest Expense (to be calculated on a *pro forma* basis in accordance with the Series Supplemental Indentures) of not less than 1.65 to 1.

Restrictions on Additional Indebtedness

On each day that Dream Office REIT or any Subsidiary of Dream Office REIT incurs Indebtedness, other than certain permitted Indebtedness described in the Series Supplemental Indentures (which includes refinancing Indebtedness) Dream Office REIT will calculate an Indebtedness percentage as set out below. Dream Office REIT will not incur, or permit any Subsidiary to incur, any Indebtedness, other than certain permitted Indebtedness described in the Series Supplemental Indentures (which includes refinancing Indebtedness), unless (i) the quotient (expressed as a percentage) obtained by dividing the amount of Consolidated Indebtedness (excluding any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) and calculated on a *pro forma* basis as described below would be less than or equal to 60%, and (ii) the quotient (expressed as a percentage) obtained by dividing the amount of Consolidated Indebtedness (including, for certainty, any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) and calculated on a *pro forma* basis as described below would be less than or equal to 65% (the 60% and 65% percentages in the preceding clauses (i) and (ii) are collectively referred to as the “**Indebtedness Percentage**”).

The Series Supplemental Indentures provide that the Indebtedness Percentage will be calculated on a *pro forma* basis as at the date of Dream Office REIT’s most recently published annual or interim consolidated

balance sheet (the “**Balance Sheet Date**”) giving effect to the incurrence of the Indebtedness to be incurred and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness or Aggregate Adjusted Assets since the Balance Sheet Date to the date of calculation.

Equity Maintenance

Dream Office REIT will maintain at all times Adjusted Unitholders’ Equity of at least \$500 million.

Certain Covenants in the Trust Indenture

The Trust Indenture includes the covenants described below:

Maintenance of Properties

Dream Office REIT will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries. Dream Office REIT will make or cause to be made all necessary renewals and replacements of and repairs and improvements to these properties as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, subject to various provisions in the Trust Indenture, Dream Office REIT and its Subsidiaries will not be prohibited from selling or transferring any of their properties.

Insurance

Dream Office REIT will maintain and will cause its Subsidiaries to maintain such property and liability insurance as would be maintained by a prudent owner.

Restrictions on Consolidations and Mergers

Subject to certain exception in respect of approval by Extraordinary Resolution, Dream Office REIT may not consolidate with, amalgamate with, enter into a merger or reorganization or similar transaction with any Person, or sell, assign, transfer, or lease all or substantially all of its properties and assets to any Person (each a “**Transaction**”) unless:

- (a) the entity (the “**Successor**”) formed by such Transaction or which acquires all or substantially all of Dream Office REIT’s properties and assets is organized or existing under the laws of Canada or any province or territory thereof and (except where such assumption is deemed to have occurred solely by the operation of law) the Successor assumes under a supplemental indenture all of Dream Office REIT’s obligations under the Trust Indenture, any supplemental indenture and any Debt Securities (including the Debentures);
- (b) immediately before and immediately after giving effect to such Transaction, no event of default under the Trust Indenture has occurred and is continuing;
- (c) if, prior to the Transaction, the Person was a wholly-owned Subsidiary of Dream Office REIT, the Successor remains a wholly-owned Subsidiary of Dream Office REIT;
- (d) if, prior to the Transaction, the Person is not a wholly-owned Subsidiary of Dream Office REIT, but such Person is primarily engaged in the Real Estate Business, and within ten Business Days of the announcement of the proposed Transaction, each Approved Rating Organization that has provided a Rating with respect to Debt Securities (including the Debentures), after giving effect to the proposed Transaction, confirms in writing its Rating, if any, for the Debt Securities at least equal to the Rating assigned to the Debt Securities immediately prior to the announcement, and on or before the closing of such Transaction, no Rating assigned to the Debt Securities is Downgraded;

- (e) immediately after giving effect to the Transaction, the Successor could incur at least \$1.00 of Indebtedness under the indenture supplemental to the Trust Indenture that includes a covenant restricting the amount of Indebtedness Dream Office REIT may incur; and
- (f) in circumstances other than paragraph (c) or paragraph (d), such Transaction is to the satisfaction of the Indenture Trustee and in the opinion of counsel will be upon such terms to preserve and not to impair any of the rights and powers of the Indenture Trustee and of the Debentureholders under the Trust Indenture, any supplemental indenture and the Debt Securities (including the Debentures);

provided, however, that if, under the terms of such Transaction, Dream Office REIT and the Successor will remain separate legal entities and it is not contemplated that the Successor will assume the obligations of Dream Office REIT under the Trust Indenture, any supplemental indenture and the Debt Securities, Dream Office REIT may undertake the Transaction provided that (1) the condition in paragraph (b) is satisfied and within ten Business Days of the announcement of the proposed Transaction, each Approved Rating Organization that has provided a Rating with respect to Debt Securities, after giving effect to the proposed Transaction, confirms in writing its Rating, if any, for the Debt Securities at least equal to the Rating assigned to the Debt Securities immediately prior to the announcement, and on or before closing of such Transaction, no Rating assigned to the Debt Securities is Downgraded, or (2) the condition in paragraph (f) is satisfied.

Change of Control

If, within 30 days of a Change of Control, a Rating of the Debt Securities (including the Debentures) is Downgraded, Dream Office REIT will give notice to this effect and each of the holders of Debt Securities (including the Debentures) may, not more than 30 days following their deemed receipt of such notice, require Dream Office REIT to repurchase its Debt Securities, in whole or in part, at a price of (i) 101% of the principal amount of such Debt Securities plus (ii) all accrued interest to the date of repurchase.

Events of Default

The Trust Indenture provides that each of the following events will constitute an event of default in respect of each series of Debt Securities (including the Debentures):

- (a) default in payment of principal when due;
- (b) default in payment of any interest when due where such default continues for a period of three Business Days after the relevant interest payment date;
- (c) a breach of or default in the performance of any other covenant of Dream Office REIT under the Debentures or the Trust Indenture where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to Dream Office REIT specifying such breach or default, and requiring Dream Office REIT to put an end to such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period, and in such event within the period agreed to by the Indenture Trustee;
- (d) certain events of bankruptcy, insolvency, winding up or dissolution related to Dream Office REIT or a Material Subsidiary as set out in the Trust Indenture;
- (e) the rendering of a final judgment (not subject to appeal) against Dream Office REIT or any Material Subsidiary in an aggregate amount in excess of \$25 million by a court of competent jurisdiction, which remains undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and

- (f) default by Dream Office REIT or any Material Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds \$25 million.

If an event of default (other than an event of default described in paragraph (d) above) occurs and is continuing with respect to a particular series of Debt Securities (including the Debentures), the Indenture Trustee may, in its discretion, or will, upon receiving instruction from the holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of such series, accelerate the maturity of all Debt Securities of such series; provided that, notwithstanding any other provisions of the Trust Indenture, after such acceleration, but before a judgement or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debt Securities of such series may rescind and annul such acceleration in certain circumstances described in the Trust Indenture. See “ – Modification and Waiver”. If an event of default specified in paragraph (d) above occurs, the outstanding Debt Securities will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debt Securities.

Defeasance

The Trust Indenture contains provisions requiring the Indenture Trustee to release Dream Office REIT from its obligations under the Trust Indenture relating to a particular series of Debt Securities (including the Debentures) provided that, among other things, Dream Office REIT satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of such series of Debt Securities.

Modification and Waiver

The rights of holders of Debt Securities (including the holders of Debentures) may be modified if authorized by Extraordinary Resolution. If the proposed modification affects the rights of the holders of a separate series of Debt Securities rather than all of the Debt Securities, the approval of a like proportion of the holders of such separate series of Debt Securities outstanding will be required.

Notwithstanding the above, the Trust Indenture provides that the approval of holders of 75% of the outstanding principal amount of Debt Securities of a particular series will be required (a) to change the stated maturity of the principal, the redemption price of, or any instalment of interest on, any Debt Securities of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, any Debt Securities of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debt Securities of such series, or (d) to amend the percentage of Debt Securities of such series necessary to approve an Extraordinary Resolution.

The holders of a majority of the outstanding principal amount of the Debt Securities of a particular series, on behalf of all holders of Debt Securities of such series, may waive compliance by Dream Office REIT with certain restrictive provisions of the Trust Indenture relating to such series. Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of Debt Securities of a particular series, on behalf of all holders of Debt Securities of such series, may waive certain events of default under the Trust Indenture.

Financial Information

Dream Office REIT has covenanted in the Trust Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim financial statements at such time as such statements are delivered to Canadian securities regulators.

CREDIT RATINGS

DBRS has assigned the Series A Debentures and the Series C Debentures a rating of “BBB (low)” with a “Stable” trend.

Long-term ratings assigned by DBRS provide an opinion of DBRS on the risk of default; that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued.

DBRS’ long-term credit ratings scale ranges from “AAA” (typically assigned to obligations of the highest credit quality) to “D” (typically assigned to obligations when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to pay or satisfy an obligation after the exhaustion of grace periods). A long-term obligation rated “BBB” by DBRS is the fourth highest rated obligation after those rated “AAA”, “AA” and “A” and is, in DBRS’ view, of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. DBRS indicates that “BBB” rated obligations may be vulnerable to future events. All DBRS rating categories other than “AAA” and “D” also contain subcategories “(high)” and “(low)”. The addition of either a “(high)” or “(low)” designation indicates the relative standing within a rating category.

DBRS uses “rating trends” for its ratings in, among other areas, the corporate sector. DBRS’ rating trends provide guidance in respect of DBRS’ opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories: “Positive”, “Stable” or “Negative”. The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in certain cases, unless challenges are addressed by the issuer. In general, DBRS’ view is based primarily on an evaluation of the issuing entity or guarantor itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates giving consideration to developments that could positively or negatively impact the sector or the issuer’s debt position within the sector. A “Positive” or “Negative” trend assigned by DBRS is not an indication that a rating change is imminent, but represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a “Stable” trend was assigned.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by DBRS if in its judgment circumstances so warrant. The rating of the Debentures is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. See “Risk Factors – Credit Ratings and Credit Risk”.

We paid customary rating fees to DBRS in connection with the above-mentioned ratings. We did not make any payments to DBRS in respect of any other service provided to us by DBRS.

DESCRIPTION OF DREAM OFFICE LP

General

Dream Office LP is a limited partnership formed under the laws of the Province of Ontario. Dream Office LP holds our direct and indirect interests in all of the Properties.

Dream Office General Partner

Dream Office General Partner is the general partner of Dream Office LP. Dream Office General Partner is a wholly-owned Subsidiary of Dream Office REIT. Michael J. Cooper and P. Jane Gavan are currently the directors of Dream Office General Partner. A majority of the directors of Dream Office General Partner cannot be the same individuals as our trustees.

Partnership Units

Dream Office LP is authorized to issue an unlimited number of two classes of limited partnership units, the LP Class A Units and the LP Class B Units, and such other classes of partnership interests as Dream Office General Partner may decide from time to time. The LP Class B Units are issuable in two series: LP B Units and LP Class B Units, Series 2. Partnership A holds the LP Class A Units, DAM and its affiliates hold the LP B Units and Partnership B holds the LP Class B Units, Series 2.

The LP B Units, together with the accompanying Special Trust Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the REIT A Units and REIT B Units. In particular, subject to certain limitations contained in the Dream Office LP Limited Partnership Agreement and the Exchange and Support Agreement, each LP B Unit entitles the holder thereof to receive a distribution from Dream Office LP equal to the amount of a distribution we declare on a REIT B Unit, or, if no such distribution is declared, on a REIT A Unit. Additional principal terms of the LP B Units are as follows: (i) the LP B Units may be surrendered or, if such surrender cannot be effected, indirectly exchanged, on a one-for-one basis (subject to customary anti-dilution provisions) for REIT B Units at the option of the holder, at any time unless our trustees determine, acting reasonably this would cause a significant risk to Dream Office REIT's status as a "unit trust", "mutual fund trust", "real estate investment trust" or "registered investment" under the Tax Act; (ii) each LP B Unit will be accompanied by a Special Trust Unit which will entitle the holder thereof to receive notice of, to attend and to vote at all meetings of unitholders (except in respect of LP B Units previously surrendered or exchanged); (iii) except as required by law and in certain specified circumstances where the rights of a holder of LP B Units are affected, holders of the LP B Units are not entitled to vote at any meeting of the limited partners of Dream Office LP, and (iv) the LP B Units, may not be transferred, subject to certain limited exceptions.

Pursuant to the Declaration of Trust and the Exchange and Support Agreement, if an offer, issuer bid, takeover bid or similar transaction with respect to the REIT A Units and/or the REIT B Units is proposed by us or is proposed to us or holders of REIT A Units and/or REIT B Units and is recommended by our trustees, or is otherwise effected or to be effected with the consent or approval of our trustees, and the LP B Units are not acquired by Dream Office LP or exchanged for REIT B Units, Dream Office REIT will, expeditiously and in good faith, take all such actions and do all such things as are necessary or desirable to enable and permit holders of those LP B Units to participate in such offer to the same extent and on an economically equivalent basis as the holders of REIT A Units and/or REIT B Units, without discrimination. Without limiting the generality of the foregoing, Dream Office REIT will, expeditiously and in good faith, ensure that holders of LP B Units may participate in all such offers without being required to surrender such units for withdrawal or exercise their right to exchange such units (or, if so required, to ensure that any such surrender or exchange will be effective only upon, and will be conditional upon, the closing of the offer and only to the extent necessary to tender to or deposit under the offer). Pursuant to the Exchange Exercise Agreement, each of DAM and Dundee Corporation agreed, on its own behalf and on behalf of its Subsidiaries, to waive their rights described above in this paragraph in the case of an unsolicited offer, take-over bid or similar transaction, even if it is recommended by the board of trustees of Dream Office REIT, provided that Dream Office REIT uses its commercially reasonable efforts to cause the actions referred to above to occur. In the case of offers, issuer bids, take-over bids or similar transactions which are not effected or to be effected with the consent or approval of our trustees, Dream Office REIT will take such actions only to the extent possible in the circumstances.

Pursuant to the 2003 Reorganization, DAM and its affiliate subscribed for 6,909,245 LP B Units of Dream Office LP, which were subsequently transferred to two wholly-owned Subsidiaries of Dundee Corporation in July 2006. In April 2015 DAM was issued 4,850,000 LP B Units in connection with the 2015 Reorganization. Currently, DAM holds, directly and indirectly, 5,233,823 LP B Units representing 100% of the outstanding LP B Units. The LP B Units may also be issued in respect of other acquisitions made by Dream Office LP from time to time, with the consent of all of the holders of LP B Units.

Pursuant to the Exchange Exercise Agreement, each of DAM and Dundee Corporation agreed with Dream Office REIT to permit Dream Office REIT to require, in certain circumstances, Dundee Corporation or DAM or any of their respective subsidiaries to exercise their rights to obtain REIT A Units upon the exchange of the exchangeable limited partnership units of Dream Office LP held by such parties in the event of certain fundamental transactions affecting Dream Office REIT, including if there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of REIT A Units or rights or other securities of Dream Office REIT or interests therein or thereto or there occurs or is about to occur any direct or indirect sale of all or substantially all of the consolidated assets of Dream Office REIT, or similar transaction involving Dream Office REIT or a subsidiary of Dream Office REIT.

The LP Class B Units, Series 2 have terms similar to those attached to the LP B Units, except that the holders of LP Class B Units, Series 2: (i) are not entitled to receive REIT B Units in the event of a full or partial surrender of the LP Class B Units, Series 2 or upon the liquidation, dissolution or winding up of Dream Office LP; (ii) are not entitled to elect to reinvest the cash distributions payable on the LP Class B Units, Series 2 in additional LP Class B Units, Series 2 or to elect to receive a loan from Dream Office LP in an amount equal to the cash distributions payable on the LP Class B Units, Series 2; and (iii) are entitled to receive notice of, to attend and vote at all meetings of the partners of Dream Office LP, but will not be entitled to receive notice of, to attend or vote at meetings of the unitholders. Partnership B holds all of the issued and outstanding LP Class B Units, Series 2.

The LP Class A Units have terms substantially similar to those attached to the LP Class B Units, Series 2. Partnership A owns all of the issued and outstanding LP Class A Units.

Amendments to Dream Office LP Limited Partnership Agreement

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of $66\frac{2}{3}\%$ of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than $66\frac{2}{3}\%$ of the outstanding limited partnership units entitled to vote.

Distributions

Dream Office LP will distribute to Dream Office General Partner and to the limited partners holding LP Class A Units and LP Class B Units their *pro rata* portions of distributable income as set out below. Distributions will be made forthwith after Dream Office General Partner determines the distributable income of Dream Office LP and determines its expenses for acting as general partner, which shall take place no later than the 10th day of each month. Distributable income will represent, in general, all of Dream Office LP's cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in Dream Office LP) and that is determined by Dream Office General Partner not to be required in connection with the business of Dream Office LP. The amount of distributable income that will be distributed to the limited partners of Dream Office LP will be the amount of distributable income which remains after the distribution of (a) an amount to Dream Office General Partner sufficient to reimburse it for its expenses incurred in performing its duties and obligations under the Dream Office LP Limited Partnership Agreement; (b) an amount to the holders of LP Class A Units and LP Class B Units, Series 2 sufficient to allow Dream Office REIT, Partnership A and Partnership B to pay their expenses on a timely basis; and (c) an amount to Dream Office General Partner equal to 0.1% of the balance of the distributable income of Dream Office LP remaining after the distributions in (a) and (b) have been made. However, holders of LP B Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared on each REIT B Unit or, if no such distribution is declared, on each REIT A Unit. The record date and the payment date for any distribution declared on the LP B Units will be the same as those for the REIT B Units or REIT A Units, as the case may be.

Beneficial holders of LP B Units have the right to elect to reinvest all or a portion of distributions payable on limited partnership units of Dream Office LP on the same economic terms as participants in our DRIP. Such holders may reinvest such distributions in LP B Units, REIT B Units or, subject to regulatory approval, REIT A Units, or any combination thereof. If any of such holders elects to reinvest all or a portion of its distributions, it will receive a bonus distribution of 4% of the amount elected to be reinvested, which bonus distribution will be reinvested in the units that it elects to receive. On February 18, 2016, we announced the suspension of our DRIP to eliminate dilution and to preserve value. DAM, currently the only holder of LP B Units, has agreed not to exercise its reinvestment rights while our DRIP is suspended.

Allocation of Net Income and Losses

Dream Office LP's income or loss for tax purposes for a fiscal year will be allocated to Dream Office General Partner and to each person who was a limited partner of Dream Office LP in that year in the manner provided below. At the end of each fiscal year, Dream Office General Partner will be allocated taxable income of Dream Office LP, as determined in accordance with the Tax Act, in an amount equal to the aggregate of (a) all of the amounts paid to Dream Office General Partner as reimbursement for its expenses in performing its duties and obligations under Dream Office LP Limited Partnership Agreement and (b) all distributions from Dream Office LP that it has received during that year. After giving effect to the allocation of taxable income to Dream Office General Partner, each person who was a limited partner of Dream Office LP at any point during that year will be allocated taxable income or losses of Dream Office LP, as determined in accordance with the Tax Act, in an amount based on the total sum of the cash distributions received by that limited partner with respect to that fiscal year. However, if, with respect to a given fiscal year, no cash distribution is made by Dream Office LP to its limited partners, or Dream Office LP has a loss for tax purposes, the income or loss, as the case may be, for tax purposes of Dream Office LP for that fiscal year will be allocated to each person who was a limited partner at any time in such fiscal year in the proportion determined by Dream Office General Partner.

Functions and Powers of Dream Office General Partner

Subject to the provisions of the Dream Office LP Limited Partnership Agreement, Dream Office General Partner is authorized to carry out the business of Dream Office LP with the full power and exclusive authority to administer, manage, control and operate the operations and affairs of Dream Office LP and the business of Dream Office LP and to bind Dream Office LP. In addition, Dream Office General Partner has all of the power and authority for and on behalf of Dream Office LP to do or cause to be done any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document on behalf of Dream Office LP permitted by the Dream Office LP Limited Partnership Agreement and involving matters or transactions which are necessary for or incidental to carrying on the business of Dream Office LP. Dream Office General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Dream Office LP and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and as would the director of a corporation in comparable circumstances. Dream Office General Partner is not entitled to dissolve Dream Office LP, wind up its affairs or effect a sale of all or substantially all of Dream Office LP's assets except in accordance with the provisions of the Dream Office LP Limited Partnership Agreement.

The Dream Office LP Limited Partnership Agreement provides that all material transactions and agreements involving Dream Office LP must be approved by Dream Office General Partner's board of directors.

Restrictions on the Authority of Dream Office General Partner

The authority of Dream Office General Partner is limited in certain respects by the Dream Office LP Limited Partnership Agreement. For example, Dream Office General Partner is prohibited, without the prior approval of the limited partners given by special resolution, from selling or otherwise disposing of

all or substantially all of the assets of Dream Office LP. Dream Office General Partner has also agreed to certain limitations on its powers in the Governance Agreement. See “Governance of Dream Office REIT”.

Reimbursement of Dream Office General Partner

Dream Office LP will reimburse Dream Office General Partner for all expenses incurred by Dream Office General Partner in the performance of its duties as general partner under the Dream Office LP Limited Partnership Agreement on behalf of Dream Office LP.

Limited Liability

Dream Office General Partner will operate and carry on the business of Dream Office LP and conduct the affairs of Dream Office LP in a manner so as to ensure to the greatest extent possible the limited liability of its limited partners. However, limited partners may lose their limited liability in certain circumstances.

RISK FACTORS

Risk factors inherent in an investment in our REIT A Units and our Debentures include but are not limited to the following:

Our Properties and Tenants May be Geographically Concentrated

Currently, a substantial portion of our properties are located in and around Toronto and, as a result, are impacted by economic and other factors specifically affecting the Toronto real estate market. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of our properties, a number of our properties could experience any of the same conditions at the same time. If real estate conditions in Toronto decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Given the prominence of the oil and gas industry in Alberta, the office market in that province continues to be significantly impacted by the price of oil. A continuation of these market and economic conditions, including any substantial decline or prolonged weakness in the price of oil, could adversely affect the Trust’s occupancy, its operating results and its investment property values as they relate to the properties in our Alberta portfolio. The Trust expects that occupancy, operating results and its Alberta investment properties values will remain challenging for the foreseeable future and there can be no assurance that the occupancy, operating results and fair value will not decrease further. Until there is positive visibility on oil prices and related economic fundamentals, the Trust anticipates continued challenges for its assets located in Alberta and will continuously evaluate the economic health of the markets in which we operate to ensure that we have identified and, where possible, mitigated risks to the Trust, including the potential impacts of changes in the price of oil.

Competition in the Office Market May Adversely Affect Our Financial Performance

The real estate market in Canada is highly competitive and fragmented, and we compete for real property acquisitions with individuals, corporations, institutions and other entities that may seek real property investments similar to those we desire. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. If competing properties of a similar type are built in the area where one of our properties is located or if similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced.

Numerous other developers, managers and owners of properties will compete with us in seeking tenants. To the extent that our competitors own properties that are in better locations, of better quality or less

leveraged than the properties owned by us, they may be in a better position to attract tenants who might otherwise lease space in our properties. To the extent that our competitors are better capitalized or financially stronger, they would be in a better position to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on our ability to lease space in our properties and on the rents charged or concessions granted, and could materially and adversely affect our cash flows, operating results, financial condition and our ability to meet our obligations.

We Rely on DAM for Certain Services

Under the Management Services Agreement, we have access to DAM for certain strategic services, which currently include, at our request, the services of our Chief Executive Officer. DAM has the right, upon 180 days' notice, to terminate our Management Services Agreement for any reason: (i) at any time on or after April 2, 2018; and (ii) at any time on or after April 2, 2017 if the Shared Services and Cost Sharing Agreement has been terminated by Dream Office LP. Our Management Services Agreement may also be terminated in other circumstances, such as in the event of default or insolvency of DAM within the meaning of such agreement. Accordingly, there can be no assurance that DAM will continue to provide services. If DAM should cease for whatever reason to provide such services, this may adversely impact our ability to meet our objectives and execute our strategy.

We May be Subject to Development Risk

As we continue to implement our longer term strategy, which includes expanding our redevelopment and intensification activities at our properties in Toronto, we will be more exposed to development risks as a result of our increased participation in real estate development projects, including mixed-use development projects, residential condominiums, rental apartments and office developments. These risks include:

- (a) the potential insolvency of a developer;
- (b) a developer's failure to use advanced funds in payment of construction costs;
- (c) construction or other unanticipated delays;
- (d) incurring construction costs before ensuring rental revenues will be earned from the project;
- (e) cost over-runs on the project; and
- (f) the failure of tenants to occupy and pay rent in accordance with lease arrangements.

Such risks are minimized by generally not commencing construction until satisfactory levels of pre-leasing/sales are achieved. We also plan to undertake redevelopment and intensification projects with DAM and other established developers. In addition, we plan to use a staggered approach in our development program to avoid unnecessary concentration of development projects in a single period of time so as to manage our development risk exposure and properly allocate our capital and personnel resources. Our risk exposure is further mitigated by our Declaration of Trust, which limits the amount we are able to commit to development activity at any one time to no more than 25% of unitholders' equity adjusted for accumulated depreciation and amortization.

Risks Inherent in the Real Estate Industry May Affect Our Financial Performance

Real estate ownership is generally subject to numerous risks, including changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit), local economic conditions (such as an oversupply of office and other commercial properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, the ability of the owner to provide adequate maintenance at competitive costs and other factors.

Our portfolio of properties generates income through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore,

the terms of any subsequent lease may be less favourable than the existing lease. Our financial position would be adversely affected if a number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties were not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting our investment may be incurred. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of such tenant and, thereby, cause a reduction in the cash flow available to us.

Certain significant obligations (e.g., property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made throughout the period of ownership of real property, regardless of whether or not a property is producing sufficient income to pay such expenses. As at December 31, 2017, we had outstanding indebtedness of approximately \$1.4 billion. A portion of the cash flow generated by the Properties will be devoted to servicing such debt, and there can be no assurance that these properties will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If we are unable or unwilling to meet mortgage payments on any property, the mortgage lender may exercise its rights of foreclosure or sale.

In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. In the course of acquiring a property, undisclosed defects in design or construction or other risks might not have been recognized or correctly evaluated during the pre-acquisition due diligence process. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties.

The Illiquidity of Real Estate Investments May Limit Our Ability to Vary Our Portfolio in Response to Changing Economic or Investment Conditions

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions.

Our Trustees and Executive Officers May be Put in a Position of Conflict as a Result of their Positions Held and Interests in Other Businesses

Certain of our trustees and executive officers are also directors and officers of other entities such as Dream Office Management LP, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with our business strategy. Consequently, there exists the possibility for such trustees and executive officers to be in a position of conflict. Pursuant to our Declaration of Trust, all decisions to be made by such trustees which involve us are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to our and our unitholders' best interests. In addition, our trustees and officers are required to declare their interests in, and such trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest.

Environmental Contamination on Properties May Expose Us to Liability and Adversely Affect Our Financial Performance

As an owner of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially

significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. These policies include the requirement to conduct a Phase I environmental audit before acquiring any real property or any interest therein.

Some of the Properties have tenants that use hazardous or toxic substances or create waste. In addition, asbestos containing materials, underground storage tanks, petroleum hydrocarbons and lead paint are known to be present at certain of the Properties. Where circumstances so warrant, designated substance surveys and/or Phase II environmental assessments are conducted to determine the presence and/or extent of these or any other materials or potential environmental hazards. If appropriate, we remediate such situations. Notwithstanding the above, we are not aware of any environmental conditions with respect to any of the Properties that we believe would involve material expenditure by us.

Insurance to protect against certain environmental liability is in place in respect of certain of the Properties with a limit of \$5 million per claim and a \$10 million aggregate claim limit during the term of coverage (which is three years expiring in 2019). In addition, certain of the existing tenant leases in respect of the Properties specify that the tenant will conduct its business in accordance with environmental laws and regulations and be responsible for any liabilities arising out of infractions to such laws and regulations.

We will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, we do not believe that costs relating to environmental matters will have a material adverse effect on our business, financial condition, results of operations or distributions. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations (or more stringent enforcement or administration of existing legislation) in the future.

Losses of Key Personnel May Affect Our Ability to Operate Effectively

Our operations are dependent upon the participation of our key executives. While we believe that we could find replacements for these key executives, the loss of their services and Dream Office REIT's or Dream Office Management LP's inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand.

Failure to Refinance Existing Indebtedness or Obtain New Debt on Acceptable Terms May Limit Our Ability to Grow Our Portfolio

We require access to capital to maintain our properties as well as to fund our growth strategy and significant capital expenditures. There is no assurance that capital, whether new financings needed to grow and expand our operations or refinancings of existing Properties, will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions; the market's perception of our growth potential; our current and expected future earnings; our cash flow and cash distributions, and cash interest payments; and the market price of our REIT Units. Future financing may take many forms, including debt or equity financing which could alter the current debt-to-equity ratio or which could be dilutive to our unitholders.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest, and that, on maturities of such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to unitholders. Such losses could have a material adverse effect on our financial position or cash flows.

The degree to which we are leveraged could have important consequences to our operations. A high level of debt will reduce the amount of funds available for the payment of distributions to unitholders and interest payments on our Debentures; limit our flexibility in planning for and reacting to changes in the economy and in the industry, and increase our vulnerability to general adverse economic and industry conditions; limit our ability to borrow additional funds, dispose of assets, encumber our assets and make potential investments; place us at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and, therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; make it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then outstanding borrowings; and impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

Leverage and Restrictive Covenants May Limit our Flexibility

We have third-party debt service obligations pursuant to our indebtedness. A high level of debt will reduce the amount of funds available for the payment of distributions to unitholders and interest payments on our Debentures and could have important consequences to unitholders, including: (i) limiting our ability to obtain additional debt financing for working capital, capital expenditures or acquisitions in the future; (ii) reducing our flexibility in planning for and reacting to changes in the economy and in the industry, and increasing our vulnerability to general adverse economic and industry conditions; (iii) a portion of our cash flow from operations will be dedicated to the payment of the principal of and/or interest on indebtedness, thereby reducing funds available for future operations; and (iv) certain of our borrowings may be at variable rates of interest, which exposes us to the risk of increased interest rates. In addition, a high level of debt increases the likelihood of a reduction in our borrowing base following a periodic valuation (or redetermination), which could require us to repay a portion of then outstanding borrowings.

Certain of our competitors may operate on a less leveraged basis, and therefore could have greater financing flexibility than us and be able to take advantage of opportunities that our indebtedness may prevent us from pursuing. Our ability to make scheduled payments of interest on and to refinance our indebtedness will depend upon our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond our control. These factors might inhibit us from refinancing indebtedness at all or on favourable terms, which could have a negative impact on our ability to make distributions on the REIT Units.

We may need to refinance indebtedness as principal amounts become due, and there can be no assurance that we will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. If we are unable to refinance our indebtedness, or are only able to refinance our indebtedness on less favourable terms, this may have a material adverse effect on our financial position, or distributable income. This, in turn, could result in the reduction or suspension of cash distributions to unitholders.

Certain of our indebtedness contains restrictive covenants that may limit the discretion of management with respect to certain business matters. These covenants place restrictions upon, among other things, our

ability to (i) incur additional indebtedness, (ii) create liens or other encumbrances, (iii) pay distributions or certain other payments, investments, loans and guarantees, (iv) sell or otherwise dispose of assets, and (v) merge or consolidate with another entity. In addition, our indebtedness may contain financial covenants that require us to maintain certain financial ratios and financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness was to be accelerated, there can be no assurance that our assets would be sufficient to repay that indebtedness in full. If an event of default under any indebtedness was to occur, distributions may be suspended.

Investments in, and Profits and Cash Flows from, Properties May be Lost in the Event of Uninsured or Underinsured Losses to Properties or Losses from Title Defects

We carry general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in Canada and otherwise acceptable to our trustees. For the property risks we carry “All Risks” property insurance including but not limited to, flood, earthquake and loss of rental income insurance (with a 24 month indemnity period). We also carry Boiler and Machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. We partially self-insure against terrorism risk for our entire portfolio, but some properties may have terrorism insurance in place in order to satisfy terms made under co-owner or lender agreements. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of the Properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We may carry, or may cause to be carried, title insurance on certain of our real estate assets but will not necessarily insure all titles. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

Investments in Real Estate Properties Through Joint Venture, Partnership and Co-Ownership Agreements May Restrict Our Ability to Deal with Those Properties or Expose Us to Liability

We are a participant in joint ventures and partnerships with third parties in respect of three of the Properties. A joint venture or partnership involves certain additional risks, including, (i) the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with ours or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments, (ii) the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the co-venturers’/partners’ share of property debt guaranteed by us or for which we will be liable and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions, (iii) the risk that such co-venturers/partners may, through their activities on behalf of or in the name of, the ventures or partnerships, expose or subject us to liability, and (iv) the need to obtain co-venturers’/partners’ consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to rights of first refusal or first offer and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party’s interests. Such rights may also inhibit our ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on the basis we desire. The investment by Dream Office LP in properties through joint venture and partnership agreements is subject to the investment guidelines set out in “Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP”.

We Depend on Information Technology Systems

Our businesses depend on information technology systems for day-to-day operations. If we are unable to operate our systems or make enhancements as needed, or if our systems go down, it could have an adverse effect on our ability to service tenants, manage our operation or meet our obligations, which in turn could have an adverse impact on our results and financial position. Important processes such as roll-outs, software and equipment upgrades and information security procedures are continually being assessed to ensure they are as effective as possible in order to support management in achieving our strategic objectives.

Cyber Security Risks Could Result in Disruptions in Business Operations

As we continue to increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business disruptions, utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks. We believe these measures and procedures are appropriate. To date, we have not experienced any material impact from cyber security events. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

Controls and Procedures May Not Perform as Intended

Dream Office REIT has established internal controls over financial reporting and disclosure controls and procedures are designed in accordance with NI 52-109. A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design procedures will succeed in achieving its stated goals under all potential (future) conditions.

Risks Associated with the Structure of Dream Office REIT

We are entirely dependent on the business of Dream Office LP through our ownership of Partnership A, Partnership B and, to a lesser extent, Dream Office Management LP. The cash distributions to unitholders are dependent on the ability of Partnership A and Partnership B to pay distributions in respect of the units of Partnership A and Partnership B and interest on the notes of Partnership A and Partnership B, respectively, and the ability of Dream Office LP to pay distributions on the LP Class A Units and LP Class B Units, Series 2. The ability of Dream Office LP to pay distributions or make other payments or advances to Partnership A or Partnership B may be subject to contractual restrictions contained in any instruments governing the indebtedness of Dream Office LP. The ability of Dream Office LP to pay distributions or make other payments or advances is also dependent on the ability of Dream Office LP's Subsidiaries to pay distributions or make other payments or advances to Dream Office LP.

Cash Distributions are not Guaranteed and May Fluctuate with Our Financial Performance

Our distribution policy was established in the Declaration of Trust and may only be changed with the approval of a majority of unitholders of Dream Office REIT. However, our trustees may reduce or suspend cash distributions indefinitely, which could have a material adverse impact on the market price of the REIT A Units.

Although we intend to make cash distributions in accordance with our distribution policy, the actual amount of Distributable Income will depend upon numerous factors, including the amount of net rental income from the Properties, interest payable on our indebtedness, tenant allowances, leasing commissions, capital expenditures, unit redemptions and other factors that may be beyond our control.

Distributable Income may exceed actual cash available to us from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. We may be required to use part of our debt capacity or to reduce the cash component of distributions in order to accommodate such items. We may temporarily fund such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

Market for Securities and Prices

Dream Office REIT is an unincorporated open-ended investment trust and its REIT A Units are listed on the TSX. There can be no assurance that an active trading market in the REIT A Units or Debentures will be established or sustained. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Instead, the REIT A Units and Debentures may trade at a premium or a discount to such values. A number of factors may influence the market price of the REIT A Units and Debentures, including general market conditions, fluctuations in the markets for equity and/or debt securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond our control.

Unitholders Do Not have Legal Rights Normally Associated with the Ownership of Shares of a Corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring “oppression” or “derivative” actions against us. The units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, Dream Office REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The Ability of Unitholders to Redeem REIT Units is Subject to Restrictions

It is anticipated that the redemption right attached to the units will not be the primary mechanism by which holders of such units liquidate their investments. The entitlement of holders of REIT A Units and REIT B Units to receive cash upon the redemption of their REIT A Units or REIT B Units is subject to the limitations that: (i) the total amount payable by us in respect of such REIT A Units or REIT B Units and all other REIT units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitations may be waived at the discretion of our trustees); (ii) at the time such REIT A Units or REIT B Units are tendered for redemption, our outstanding units of the applicable series (or in the case of REIT B Units, where that series is not listed, REIT A Units) shall be listed for trading on a stock exchange or traded or quoted on another market which our trustees consider, in their sole discretion, provides representative fair market value prices for such series of REIT units; and (iii) the normal trading of the REIT A Units or REIT B Units is not suspended or halted on any stock exchange on which such series of REIT units (or in the case of REIT B Units, where that series is not listed, REIT A Units) are listed (or, if not listed on a stock exchange, on any market on which such series of our REIT units are quoted for trading) on the redemption date or for more than five trading days during the 20-day trading period commencing immediately after the redemption date.

Regulatory Approvals May be Required in Connection with a Distribution of Securities on a Redemption of REIT Units or Our Termination

Upon a redemption of units or our termination, our trustees may distribute securities directly to the unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans or RESPs, depending upon the circumstances at the time.

An Investment in Securities of Dream Office REIT is Subject to Certain Tax Considerations

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of REIT A Units. If Dream Office REIT ceases to qualify as a “mutual fund trust” or “registered investment” under the Tax Act, the income tax considerations applicable to Dream Office REIT would be materially and adversely different in certain respects, including that REIT A Units may cease to be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Our Declaration of Trust provides that, having regard to the present intention of the Trustees to allocate, distribute and make payable to unitholders all of the income and net realized capital gains of Dream Office REIT and any other applicable amounts so that Dream Office REIT will not have any liability for tax under Part I of the Tax Act in any taxation year, a sufficient amount of Dream Office REIT’s net income and net realized capital gains will be distributed each year to unitholders in cash, or otherwise in order to eliminate Dream Office REIT’s liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains may be distributed to unitholders in the form of additional REIT A Units. Unitholders will generally be required to include an amount equal to the fair market value of those REIT A Units in their taxable income, in circumstances where they do not directly receive a cash distribution.

Although we are of the view that all expenses to be claimed by Dream Office REIT, Partnership A, Partnership B and Dream Office LP will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities indirectly owned by Dream Office REIT will have been correctly determined and that the allocation of Dream Office LP’s income for purposes of the Tax Act among its partners is reasonable, there can be no assurance that the Tax Act, or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency will agree. If the Canada Revenue Agency successfully challenges the deductibility of such expenses or the allocation of such income, Dream Office LP’s allocation of taxable income to Partnership A and Partnership B, and indirectly the taxable income of Dream Office REIT and the unitholders, will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by Dream Office REIT are able to deduct capital cost allowance relating to the Properties held by them.

We will endeavour to ensure that the REIT A Units continue to be qualified investments for Plans and RESPs; however, there can be no assurance that this will be so. REIT A Units will cease to be qualified investments for Plans and RESPs if Dream Office REIT ceases to qualify as a mutual fund trust and its registration as a registered investment under the Tax Act is revoked. In addition, Subsidiary Securities received on a redemption in specie of REIT A Units may not be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Certain properties within the Dream Office LP portfolio were acquired on a tax deferred basis. Accordingly, Dream Office LP’s tax cost in certain properties will be less than the fair market value of those properties. If one or more of those properties are disposed of, the gain recognized by Dream Office LP for tax purposes will be in excess of that which it could have realized if it had acquired the properties

with a tax cost equal to their fair market values. In addition, any disposition by us or one of our subsidiary entities of real estate located in the United States will be potentially subject to United States tax.

The Tax Act contains specific provisions relating to the taxation of SIFTs and their investors. Dream Office REIT will not be considered to be a SIFT in respect of a particular taxation year and, accordingly, will not be subject to the SIFT rules in that year if it qualifies under the REIT Exception for the year. Based on ongoing reviews of its assets and revenues, management expects that Dream Office REIT will satisfy the tests to qualify and continue to qualify for the REIT Exception for the current taxation year and subsequent taxation years. However, there can be no assurance that Canadian federal income tax laws respecting the taxation of income trusts and other flow-through entities will not be changed in a manner that adversely affects Dream Office REIT or that subsequent investments or activities undertaken by Dream Office REIT will not result in it failing to qualify for the REIT Exception and being subject to the SIFT Rules.

The Debentures are Unsecured, Subordinated Obligations of Dream Office REIT and the Likelihood That Purchasers of the Debentures Will Receive Payments Owing to Them Under the Terms of the Debentures Will Depend on Our Financial Condition and Creditworthiness. The Trust Indentures and Series Supplemental Indentures Governing the Debentures Contain Limited Covenant Protection

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. In addition, the Debentures are unsecured obligations of Dream Office REIT and are subordinate in right of payment to all Dream Office REIT's existing and future senior indebtedness. Therefore, if Dream Office REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, Dream Office REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding, and holders of indebtedness of Dream Office REIT (including holders of Debentures) may become subordinate to lenders to the Subsidiaries of Dream Office REIT.

Dream Office LP has provided a guarantee for the Series A Debentures and the Series C Debentures pursuant to which the indenture trustee for those Debentures will, subject to the relevant Indentures, be entitled to seek redress from Dream Office LP for the guaranteed indebtedness. This guarantee is intended to address structural subordination which arises as a consequence of Dream Office REIT's assets being primarily held, directly and indirectly, by Dream Office LP. As assets are held both directly and indirectly by Dream Office LP, the guarantee is similarly structurally subordinated to the lenders of Dream Office LP's Subsidiaries. In addition, there can be no assurance that the indenture trustee will, or will be able to, effectively enforce the guarantee.

The Trust Indenture and the Series Supplemental Indentures do not prohibit or limit the ability of Dream Office REIT or its subsidiaries to incur additional debt or liabilities (including senior indebtedness and secured indebtedness) or to make distributions, except, in respect of distributions, where an event of default under the Trust Indenture or the Series Supplemental Indentures has occurred and such default has not been cured or waived. The Trust Indenture and the Series Supplemental Indentures do not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving Dream Office REIT.

Credit Ratings and Credit Risk

There can be no assurance that the credit rating assigned to any of the Debentures will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised by DBRS at any time. Real or anticipated changes in credit ratings on the Debentures may affect the market value of the Debentures. In addition, real or anticipated changes in credit rating can affect the cost at which we can access the capital markets. See "Credit Ratings".

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial health and creditworthiness. In addition, the Debentures are unsecured obligations of Dream Office REIT.

Market Price or Value Fluctuation

To the extent that the Debentures are traded after their initial issuance, they may trade at a price lower than their initial public offering price. The market price or value of the Debentures depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and our financial condition, historic financial performance and future prospects. Prevailing interest rates will affect the market price or value of the Debentures. Assuming all other factors remain unchanged, the market price or value of any Debentures which carry a fixed interest rate will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Challenging market conditions, the health of the economy as a whole and numerous other factors beyond our control may have a material effect on our business, financial condition, liquidity and results of operations. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have often been unrelated to the operating performance, underlying asset values or prospects of such issuers. There can be no assurance that continuing fluctuations in price and volume will not occur. Accordingly, the market price of the Debentures may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are objective evidence of impairment, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted and the market price of the Debentures may be adversely affected.

Inability to Purchase Debentures on a Change of Control

We may be required to purchase all outstanding Debentures upon the occurrence of a change of control as defined in the relevant Indentures. However, it is possible that following a change of control, we will not have sufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases.

Debentures Redemption Right Risk

For Debentures that are redeemable in accordance with their terms, we may choose to redeem those Debentures prior to maturity, in whole or in part, at any time or from time to time, especially when prevailing interest rates are lower than the rate borne by those Debentures. If prevailing rates are lower at the time of redemption, a holder of those Debentures would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Debentures being redeemed.

MARKET FOR SECURITIES

Trading Price and Volume

The REIT A Units are listed on the TSX under the symbol “D.UN”. The following table sets forth the high and low reported trading prices and the trading volume of the REIT A Units on the TSX for each month of the most recently completed financial year:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January 2017	20.05	18.78	4,119,209
February 2017	20.28	18.37	4,037,540

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
March 2017	19.36	18.59	6,140,026
April 2017.....	20.28	19.16	4,608,531
May 2017	20.42	19.37	6,922,952
June 2017	20.33	18.12	6,460,459
July 2017	20.18	18.66	5,673,135
August 2017	21.42	19.70	5,496,018
September 2017	21.60	20.40	10,548,822
October 2017	21.93	20.75	4,164,263
November 2017	22.25	21.10	3,208,547
December 2017	22.74	21.36	3,720,511

The Series A Debentures and the Series C Debentures are not listed on any exchange.

Prior Sales of Unlisted Securities

The Special Trust Units of Dream Office REIT are not listed or quoted on any marketplace, and may only be issued to holders of LP B Units. See “Declaration of Trust and Description of REIT Units”. Holders of our LP B Units have the ability to reinvest distributions payable on the limited partnership units of Dream Office LP they indirectly hold on the same economic terms as participants in our DRIP. Accordingly, Special Trust Units are issued from time-to-time on a one-for-one basis with each LP B Unit issued under the distribution reinvestment provisions governing the LP B Units. In 2017, no LP B Units of Dream Office LP and Special Trust Units were issued for these purposes.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below or elsewhere in this AIF, no trustee or officer of Dream Office REIT, or unitholder that beneficially owns, or controls or directs more than 10% of the REIT Units, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any transaction within the last three years or during the current financial year, or any proposed transaction, that has materially affected or would materially affect Dream Office REIT or any of its Subsidiaries.

On April 2, 2015, we completed the 2015 Reorganization, pursuant to which we acquired a Subsidiary of DAM which was a party to the Asset Management Agreement, resulting in the elimination, effective as of April 2, 2015, of our obligation to pay asset management fees. See “General Development of the Business – 2015 Reorganization” for additional details on the 2015 Reorganization. DAM is a subsidiary of Dream and an associate of Michael J. Cooper, our Chairman and Chief Executive Officer.

On October 31, 2017, Dream Office REIT completed the sale of a 0.7 million square foot single-tenant distribution centre located in Nashville, Tennessee to Dream Industrial REIT for gross proceeds (net of adjustments) totaling \$60.9 million. The gross proceeds, net of adjustments, were satisfied by \$30.6 million in cash, \$28.9 million in assumed debt and \$1.4 million of other adjustments. Dream Office REIT incurred \$0.7 million in transaction costs with respect to this sale which was included in net losses on transactions and other activities.

On November 21, 2017, Dream Office LP, a subsidiary of Dream Office REIT, acquired 2,858,000 units in the capital of Dream Industrial REIT, representing an interest in the units of Dream Industrial REIT at a price of \$8.75 per unit for an aggregate subscription price of \$25,007,500, on a non-brokered private placement basis. This private placement was completed concurrently with the closing of a public equity

offering of 9,890,000 units in Dream Industrial REIT at a price of \$8.75 per unit by Dream Industrial REIT, as well as a concurrent private placement of 115,000 units in Dream Industrial REIT issued to Pauls Real Property Management, LLC at a price of \$8.75 per unit. The foregoing public offering and private placements were completed on November 21, 2017. As at November 21, 2017, after giving effect to the public offering and concurrent private placements of units in Dream Industrial REIT, Dream Office REIT indirectly owned 5,269,245 units in Dream Industrial REIT and 18,551,855 Class B limited partnership units in Dream Industrial LP (and an equivalent number of special trust units in Dream Industrial REIT), representing on an as-converted basis an approximately 25.50% ownership interest in Dream Industrial REIT. Two of our Trustees, being Michael J. Cooper and Robert Goodall, are also trustees of Dream Industrial REIT.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that we entered into in 2017 or after, or entered into before 2017 but are still in effect, are:

- (a) the Declaration of Trust described under “Declaration of Trust and Description of REIT Units”;
- (b) the Management Services Agreement described under “Real Estate Management and Advisory Services – Management Services Agreement”;
- (c) the Exchange and Support Agreement described under “Description of Dream Office LP”;
- (d) the Dream Office LP Limited Partnership Agreement described under “Description of Dream Office LP”;
- (e) the Governance Agreement described under “Trustees and Officers – Governance of Dream Office REIT”;
- (f) the Dream Non-Competition Agreement described under “Real Estate Management and Advisory Services – Dream Non-Competition Agreement”;
- (g) the Exchange Exercise Agreement referred to in “Description of Dream Office LP – Partnership Units”;
- (h) a purchase agreement dated April 2, 2015 between Dream Office REIT and DAM, Dream Office LP, Partnership A and Partnership B pursuant to which Dream Office LP acquired from DAM the sole limited partnership unit of Management LP and the sole issued and outstanding share of Management GP in consideration for the issuance by Office LP of 4,850,000 LP B Units which are exchangeable for 4,850,000 REIT A Units as part of the 2015 Reorganization referred to in “General Development of the Business – 2015 Reorganization”; and
- (i) the Trust Indenture and the Series Supplemental Indentures described under “Description of Debentures”.

Copies of the foregoing documents are available on SEDAR at www.sedar.com.

LEGAL PROCEEDINGS

We are not involved in any litigation or proceedings which, if determined adversely, would be material to us, and no such proceedings are known to us to be contemplated.

INTEREST OF EXPERTS

Our auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, who has prepared an independent auditor's report dated February 22, 2018 in respect of Dream Office REIT's consolidated financial statements as at December 31, 2017 and December 31, 2016 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to Dream Office REIT within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the REIT A Units, the Series A Debentures and the Series C Debentures is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Dream Office REIT may be found on SEDAR at www.sedar.com. Additional information, including with respect to trustees' and officers' remuneration and indebtedness, principal holders of Dream Office REIT's securities and units authorized for issuance under equity compensation plans, is contained in Dream Office REIT's information circular for its most recent annual meeting of unitholders that involved the election of trustees. Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management's discussion and analysis of Dream Office REIT for 2017.

SCHEDULE A
DREAM OFFICE REAL ESTATE INVESTMENT TRUST
(THE “TRUST”)
AUDIT COMMITTEE CHARTER
(THE “CHARTER”)

PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee appointed by the board of trustees of the Trust (the “**Board**”). The Committee is established to fulfill applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

- oversee the integrity of the Trust’s financial statements and financial reporting process, including the audit process and the Trust’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Trust’s financial management, internal controls function and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the internal controls function, the Board and management of the Trust.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (a) to plan or conduct audits, (b) to determine that the Trust’s financial statements are complete and accurate and are in accordance with International Financial Reporting Standards or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its audit committee financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Trust’s financial information.

Management is responsible for the preparation, presentation and integrity of the Trust’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The chief financial officer is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Trust’s annual financial statements in accordance with generally accepted auditing standards to provide

reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

PROCEDURES, POWERS AND DUTIES

The Committee shall have the following procedures, powers and duties:

General

- (a) *Composition* – The Committee shall consist of at least three members, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* and a majority of whom shall be resident Canadians. All members of the Committee must be or, within a reasonable period following appointment, become financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements.
- (b) *Separate Executive Meetings* – The Committee shall meet periodically with the chief financial officer, the head of the internal controls function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
- (c) *Professional Assistance* – The Committee may require the external auditors and the internal controls function to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee’s duties at the Trust’s expense.
- (d) *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Trust from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit, internal controls and other non-audit services provided by the external auditors to the Trust and its subsidiaries.
- (e) *Reporting to the Board* – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (f) *Procedure* – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not

less than 48 hours notice, unless such notice requirement is waived by the Committee members. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

- (g) Unrestricted access to management and Trust information.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and shall report to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, including *de minimis* exceptions, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the external auditors for audit and non-audit services. Any services under pre-approval will be reported at the following meeting.
3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;

- (c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies; and
 - (d) ensure periodic rotation of the lead audit partner.
4. The Committee shall establish and monitor clear policies for the hiring by the Trust of employees or former employees of the external auditors.
 5. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.
 6. The Committee is responsible for resolving disagreements between management and the external auditors or the internal controls function regarding financial reporting and the application of any accounting principles or practices. The Committee shall discuss with the external auditors any difficulties that arose with management or the internal controls function during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

Appointment and Oversight of Internal Controls Function

7. The appointment, terms of engagement, compensation, replacement or dismissal of the internal controls function shall be subject to prior review and approval by the Committee. When the internal controls function is performed by employees of the Trust, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Trust's internal controls function.
8. The Committee shall obtain from the internal controls function and shall review summaries of the significant reports to management prepared by the internal controls function, or the actual reports if requested by the Committee, and management's responses to such reports.
9. The Committee shall, as it deems necessary, communicate with the internal controls function with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal controls function brings to the attention of the Committee. The head of the internal controls function shall have unrestricted access to the Committee.
10. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal controls function, including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

11. The Committee shall review with the external auditors, the internal controls function and management the audit function generally, the objectives, staffing, locations, co-

ordination, reliance upon management and the internal controls function and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the internal controls function and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

12. The Committee shall meet periodically with the internal controls function to discuss the progress of their activities and any significant findings stemming from any internal audits or internal controls testing and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
13. The Committee shall review with management the results of internal and external audits.
14. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

15. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditors and the internal controls function:
 - (a) the quality, appropriateness and acceptability of the Trust's accounting principles and practices used in its financial reporting, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;
 - (b) all significant financial reporting issues and judgements made in connection with the financial statements, including the effect of any alternative treatment within International Financial Reporting Standards;
 - (c) any material change to the Trust's auditing and accounting principles and practices as recommended by management, the external auditors or the internal controls function or which may result from proposed changes to applicable International Financial Reporting Standards;
 - (d) the effect of regulatory or accounting limitations on the Trust's financial reporting;
 - (e) any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;
 - (f) any legal matter, claim or contingency that could have a significant impact on the financial statements and any material reports, inquiries or correspondence from regulators or governmental authorities regarding compliance with applicable requirements and any analysis respecting disclosure with regard to any such legal matter, claim or contingency in the financial statements;

- (g) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust's operations;
- (h) the use of any "pro-forma" or "adjusted" information not in accordance with International Financial Reporting Standards; and
- (i) management's determination of goodwill impairment, if any, as required by applicable accounting standards.

Oversight and Monitoring of Internal Controls

16. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditors and the internal controls function:
- (a) the adequacy and effectiveness of the Trust's internal accounting and financial controls and the recommendations of management, the external auditors and the internal controls function for the improvement of accounting practices and internal controls;
 - (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
 - (c) management's compliance with the Trust's processes, procedures and internal controls.

Communications with Others

17. The Committee shall establish and monitor procedures, such as a Whistleblower Policy for the receipt and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal controls function these procedures and any significant complaints received.

Oversight and Monitoring of the Trust's Financial Disclosures

18. The Committee shall:
- (a) review with the external auditors and management and recommend to the Board for approval the audited annual financial statements and the notes and management's discussion and analysis accompanying such financial statements, and the Trust's annual report;
 - (b) review with the external auditors and management each set of interim financial statements and the notes and management's discussion and analysis accompanying such financial statements; and
 - (c) if requested by the Board, review with the external auditors and management any financial statements included or to be included in a prospectus, any financial information of the REIT contained in any management information circular of the

REIT, and any other disclosure documents or regulatory filings of the REIT containing or accompanying financial information of the REIT.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

19. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives earning guidance.
20. The Committee shall review with management the assessment of the REIT's disclosure controls and procedures and material changes in their design

Oversight of Finance Matters

21. Appointments of the key financial executives involved in the financial reporting process of the Trust, including the chief financial officer, shall require the prior review of the Committee.
22. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of the Trust respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
23. The Committee shall meet periodically with management to review and discuss the Trust's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
24. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Business and Ethical Conduct

25. The Committee shall:
- (a) periodically review and approve any changes to the code of conduct or similar document for any directors, officers and employees of the REIT and its subsidiaries and be responsible for granting any waivers from the application of such code; and
 - (b) review management's monitoring of compliance with such code.

Additional Responsibilities

26. The Committee shall review any significant or material transactions outside the Trust's ordinary activities and any cost-sharing arrangements entered into with Dream Asset Management Corporation or any asset management clients of Dream Asset Management Corporation.
27. If requested by the Board, the Committee shall review and make recommendations to the Board concerning the financial condition of the Trust and its subsidiaries, including with respect to annual budgets, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.
28. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

AUDIT COMMITTEE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual information form of the Trust.